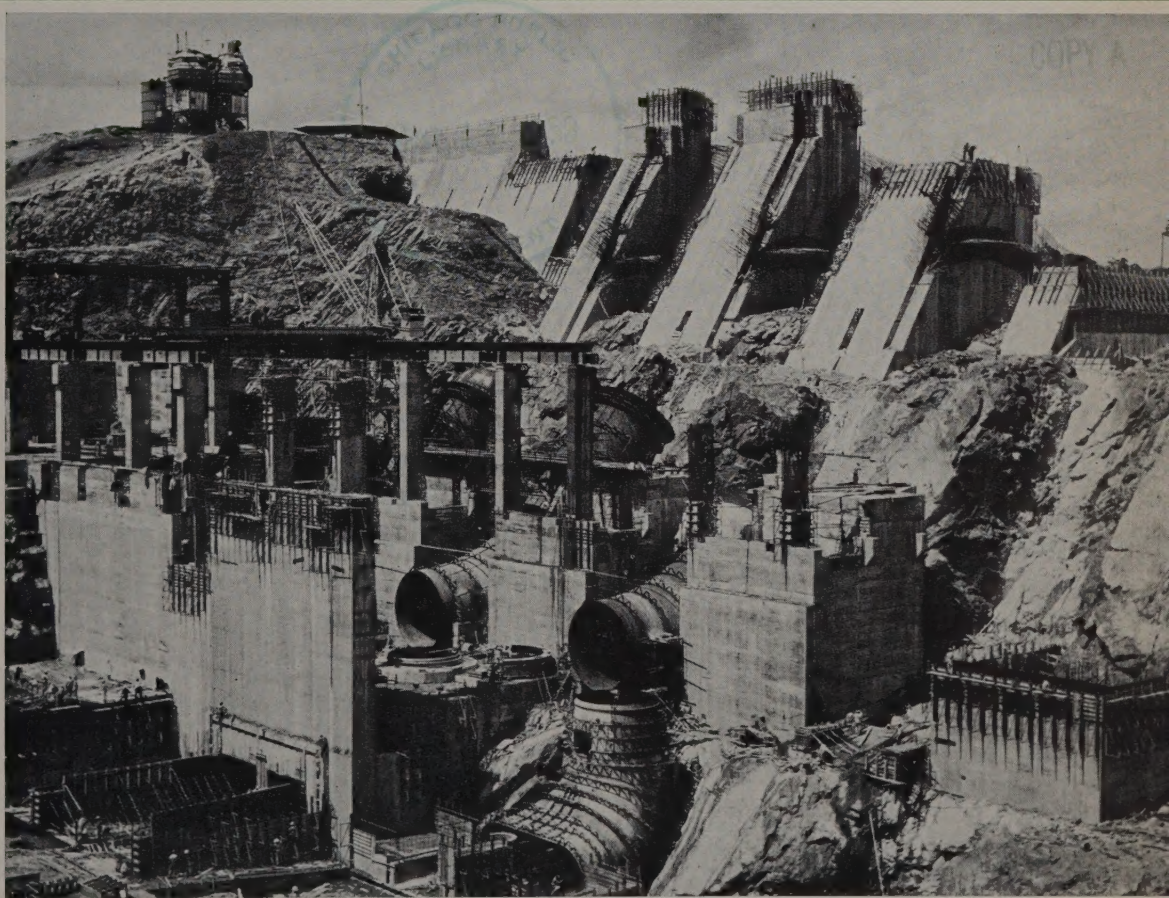


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VENEZUELA OFFERS AN ENGINEERING CHALLENGE (page two)

foreign trade

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cover

This immense dam being built to make use of the hydro-electric power potential of the Caroni River in eastern Venezuela illustrates one of the many opportunities for engineering know-how in this expanding country. When the dam is finished and the four Francis-type turbines installed, 300 thousand kw. of power will be generated. On page two, our Caracas office reports on the scope of Venezuelan development and opportunities for imported equipment and services.



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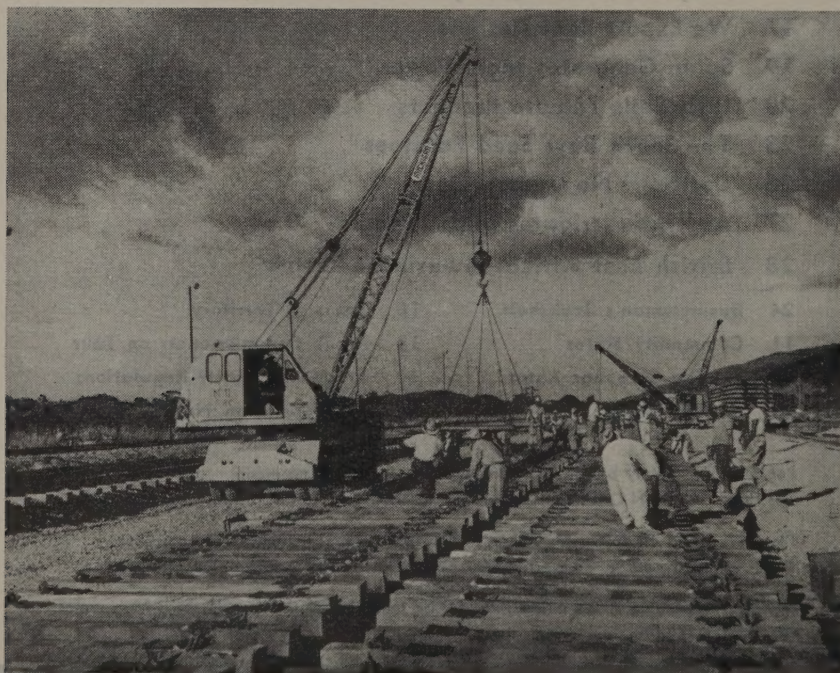
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Venezuela Offers an Engineering Challenge

Widespread moves to broaden Venezuela's economic base mean opportunities for Canadian firms offering engineering and technical services or producing needed equipment. The author discusses some of the schemes under way or projected, in terms of possible Canadian participation.

R. D. SIRRS, Assistant Commercial Secretary, Caracas.



TO many people "Venezuela" and "oil" are almost synonymous—the one suggests the other. This association arises from Venezuela's predominant position as a major world oil producer and the number one oil exporter.

The Venezuelan Government, understandably concerned over the fact that oil accounts for over 90 per cent of the country's foreign exchange earnings, is trying to promote economic activities, such as mining, industry and agriculture. This emphasis on diversification has several ends in view: providing a safeguard against possible future curtailments in oil demand; making maximum use of existing natural resources; minimizing the outflow of foreign exchange; providing fuller employment, and opening up new areas for settlement. It is estimated that 500 thousand new jobs must be created within ten years to relieve unemployment and to accommodate a rapidly growing population.

Canadians Participate

Canadian firms have already taken part, or are currently participating in, several expansion schemes in Venezuela. These include a geophysical (aerial) survey in eastern Venezuela; electric power-generating plants in Barquisimeto and Maracaibo; flood-control gates for the \$170 million Guarico irrigation project; an emergency radio-telecommunications system linking Caracas and Maracaibo; a large paper manufacturing and converting plant; supply of approximately 6,000 tons of cast iron pipe for the El Tigre waterworks, and an interest in flour-milling facilities. Canada has also supplied Venezuela with capital equipment—such as farm machinery, cables, copper tubing, transformers, meters,

Railway extension and improvement forms part of the country's development program and on certain phases of it, work is already well under way.

dynamos, generators, pipe, cargo vessels, gasoline engines, miscellaneous machinery, electrical apparatus, etc. Canadian engineering firms have also shown interest in diamond-drilling work, dam construction, an aluminum extrusion and conversion plant, the revamped development of the giant government petrochemical operation, the supply of prefabricated manufacturing plants, the exploration and subsequent extraction of gold and other minerals, hydro-electric power development, and so on.

This interest is heartening, because local plans, resources and conditions offer challenging opportunities. Canadian engineering skills tested in projects such as Kitimat, Knob Lake, Steep Rock and the St. Lawrence Seaway are generally recognized here and this fact gives Canadians a good start in seeking a share in Venezuelan projects. Moreover, it appears that the opportunities Venezuela offers to Canadian engineers have barely been tapped.

What are some of the more promising fields that Canadians should explore?

Exploiting Mineral Resources

So far, in the sphere of minerals Venezuela has relied heavily upon its petroleum and, to a lesser extent, its iron ore resources. It has many others.

Approximately half of Venezuela's 353,143 square miles consists of Precambrian rock. This generalized geological area can be expected to offer an abundance and variety of resources in many ways comparable to those found in our Canadian Shield. During a nine-month period in 1958, 1.8 million grams of gold, 2,214 tons of asbestos, 98,546 carats of diamonds, 28,000 tons of coal and 12 million tons of iron ore were extracted. Copper and sulphur have also been mined. Bauxite, manganese, nickel, gypsum, mercury, phosphate rock and uranium are definitely known to exist, although it is not yet known to what

extent exploitation of them would be economically feasible. Other minerals will undoubtedly be uncovered as planned exploration and surveying take place.

Mining opportunities are closely watched by both local and foreign private firms and Venezuela does not expect any difficulties in obtaining capital for promising ventures. The Government both stimulates exploration for minerals and maintains some control over the country's resources. It has planned a comprehensive inventory of these resources, and certain preliminary phases are already under way. A current geophysical survey is centered in the State of Bolivar in a district known as the Guayana Shield, south of the Orinoco. Later, deposits of tungsten, mercury, gold, silver, diamonds and bauxite will be evaluated. A well known Canadian aerial survey firm has won the contract for a major part of this work. This is, however, merely "scratching the surface"; a great deal of exploration remains to be undertaken.

In due course, mining opportunities will no doubt open up, but the Government intends to maintain some control over this mineral wealth. It reserves to itself many areas with good potential and will call on foreign geologists, consulting engineers, etc., to report on deposits. This is being done currently with the tungsten deposits in Bolivar State. Once mineral finds are assessed, if they seem worth exploiting the Government will negotiate with interested private companies. In non-reserved areas, foreign firms may do prospecting on their own initiative, enter claims, and begin operations—all subject to the Venezuelan Mining Law. A well known Canadian company is currently doing exploration in the Delta-Amacuro region of Eastern Venezuela.

However, except for iron ore and petroleum, these private undertakings are not extensive enough to ensure maximum resource develop-

ment and the Government must fill the gap. A revision of the law controlling and co-ordinating mining ventures has been proposed. This would also help in increasing the volume and variety of mineral extraction.

Diversifying Industry

Industry is expected to develop partly as a result of increased exploitation of resources. However, the Government is also promoting industrial expansion, including light industry, not only to use resources but also to create employment and help give balance to the economy.

Light industry at the moment produces a fairly wide array of goods. These include tires, textiles, yarn, plastics, refined sugar, tobacco and cement. Few of these can be produced in economic volume, by Canadian standards, because the Venezuelan consumer market is relatively small. Probably only one-sixth of a total population of slightly over six million people can be considered as consumers of any significance. Exports are, for the time being, virtually ruled out in view of high production costs.

Assistance to industry of the various types takes several forms:

1. Tariff protection, such as that given last year to the textile, tanning and jewellery (gold, silver and platinum) industries. Other import control measures, such as licensing restrictions on flour imports, have also been implemented.

2. A recently adopted resolution whereby the Government will buy Venezuelan goods in preference to those of foreign origin up to the point where they are not more than 25 per cent higher priced than similar products from other countries.

3. The Venezuelan Development Corporation (CVF) which extends loans to new or expanding industrial firms to make possible or advance their development. These loans, amounting to approximately 45 per cent of required capital, are extended on medium and long terms to firms which show that the indus-

try is needed and of value to the country.

During a five-year period ended in 1957, Bs.21.6 million in industrial credits was given by this government corporation. This is small when compared with the enlarged scope with which it was provided in March 1958 (for the 1958-59 budget)—some Bs.60 million for industrial credits. The next budget will probably see a considerably greater figure. In some instances (sugar refining and certain regional development banks) the CVF has turned over its ownership and control to private enterprise. This is the usual intention when a government-owned industry is able to stand on its own feet.

4. Reinvestment credits (for taxation purposes). These, under the new tax law (December 1958) are distinctly more favourable to industry than to the extractive industries (petroleum, iron ore).

5. A new law of industries drawn up by the Ministry of Development, through its Industrial Development Department. The provisions are very general but an Industrial Council, composed of government and business representatives, has been established and will be instrumental in proposing decrees that will serve to co-ordinate and promote industrial development. A close tab will be kept on industry currently operating in this country and recommendations for desirable expansion will be made.

6. Municipal tax concessions, also extended to lure industry.

The petrochemical industry, which so far has cost approximately Bs.446 million, is centred at Morón, near Puerto Cabello. It is designed to use local gas and oil and other resources (such as salt, phosphates, etc.), and to produce commercial quantities of caustic soda, chlorine gas, and fertilizers, and limited quantities of refined petroleum products from the experimental refinery. Explosives, plastics, and possibly a full-scale commercial oil refinery are pro-

posed. It has been estimated by Venezuelan government officials that this plant will provide a basis for approximately 200 new industries. The petrochemical plant ("Petroquímica"), engineered by Italian, German and U.S. firms, has experienced operating and marketing difficulties and expert foreign advice may be requested soon.

A national network of gas pipelines—also sponsored by the Venezuelan Development Corporation and the "Petroquímica"—is expected to provide gas to 3,350,000 consumers at the end of five years.

The steel plant, which may ultimately cost \$500 million, is located near Puerto Ordaz in mineral-rich Bolívar State. It is expected to spark widespread development of this area, not only of directly related industries but also by drawing the interest and means to develop other mining, industrial and agricultural ventures.

High-grade iron ore is available in abundance. However, coal from the Naricual mines, connected to the steel plant by a recently completed 18-mile railway and 580 miles of coastal and Orinoco River transportation, is not of high quality. An efficient coking process is expected to require the import of high-grade coal to mix with available supplies. Chemical reduction of iron ore (using hydrogen from gas) may soon become a reality and may assist in the steel plant's performance. A seamless tube mill is now ready to go into operation at the steel plant (in a preliminary working stage) but full-scale production will be delayed pending training of personnel abroad and the adoption of revamped plans on the steel plant's mode of operation. The plant anticipates a steel production of over 500 thousand tons a year as of 1963. This will include seamless tube, rods, wire, rails, etc.

Power Developments Mooted

Gas and oil are readily available in Venezuela and at present provide the main source of electric power.

However, there are also potential and active hydro-electric power sites. The government-sponsored Caroní power development scheme offers a theoretical output of between four and ten million kilowatts. Its initial phase, with a 300 thousand kw. output, will shortly provide power for the Guayana area (near Ciudad Bolívar and Puerto Ordaz). Other rivers in the same general area are reported to have extensive hydro-electric potential.

Electric power is now mainly being supplied through diesel and gas thermal generation. A Canadian firm is involved in this in both Maracaibo and Barquisimeto. French Government electric-power experts are expected in Venezuela shortly to study and advise the Government on national electrification plans. It is estimated that Venezuelan electricity consumption requires a 12 per cent yearly increase in output. A reported \$287 thousand has already been invested.

Communications Being Improved

The improvement and expansion of an already good highway system (currently about 16,000 miles—5,254 already paved) is facilitating development. In the present budget of 5.8 billion bolívars, well over 2 billion has been set aside for public works, such as roads, schools, ports, airports, etc. A Bs.265 million bridge over Lake Maracaibo is under way.

A 175 km. standard-gauge railway linking the port of Puerto Cabello with Venezuela's third largest city (Barquisimeto) was inaugurated early this year. This is merely the first phase of a national railway development scheme under study. A Canadian expert is currently advising the Venezuelan Government on the feasibility of this project. It would include a total of approximately 2,660 miles of track estimated to cost \$1.15 billion.

Plans have also been laid for a nation-wide radio link-up. Here again, a noted Canadian firm has been involved in a preliminary stage of the project.

Agriculture, before the early twenties, constituted the most important segment of the Venezuelan economy. Coffee, cocoa and beef were the country's main products. However, oil and its relatively high remuneration has since detracted from this activity. Private enterprise on the whole has not found agricultural ventures sufficiently rewarding or attractive. The Government, on the other hand, feeling that agriculture offers a firm base of production and employment, has taken steps to enable its expansion. Some of these steps, involving the construction of dams and canals and the purchase of capital equipment, offer strong potential outlets for Canadian engineering and industrial firms.

These opportunities are probably limited to the irrigation schemes designed to regulate and ensure an adequate water supply during the locally excessive wet and dry seasons. The \$175 million Guárico irrigation scheme (see *Foreign Trade* of May 10, 1958) has been completed. Others are in the construction process, including a dam at Majaguas, State of Portuguesa, designed to irrigate approximately 30,000 hectares for the growing of sesame, alonjoli and rice. Recently an engineering section was added to the Ministry of Agriculture.

Opportunities in These Projects

To sum up, among the opportunities that expansion in these varied fields offers are:

1. Evaluation of tungsten concentration in specified government reserves in Bolivar State.
2. Complete resource inventory of Bolivar State. This survey will likely be followed by others which encompass other areas in Venezuela.
3. Railway expansion—an economic study is currently under way and the result will determine the fate of this monumental project.
4. Bocono (see *Foreign Trade* of May 10, 1958). A large irrigation (600 thousand acres) and hydro-

electric power scheme (120 thousand kw.) has been shelved, pending an economic study. However, the promising nature of this scheme makes its ultimate realization a distinct possibility. Plans are also under way for other irrigation projects in the Portuguesa River basin, involving the construction of dams.

5. Additional stages of development of Caroní offer opportunities to Canadian hydro specialists and to suppliers of turbines and transformer equipment.

6. Studies are now under way for a canal at Puerto Ordaz-Ciudad Bolívar.

7. An experimental nuclear reactor is currently under way. No additional reactors are contemplated.

8. The traffic congestion problem in Caracas has set up a demand for a more effective means of urban transportation. The Ministry of Communications will study the feasibility of underground versus surface transportation systems.

9. The El Cenizo project (Western Venezuela) currently irrigates 2,500 hectares, but is designed ultimately to irrigate an area of 40,000 hectares. It also offers future hydroelectric potential.

10. River Caura in Bolivar State offers extensive long-range hydroelectric power and irrigation possibilities. Several other possibilities exist in the Andes area of Western Venezuela.

11. The current budget (1958-59) calls for highway development and improvements approximating Bs.126 million. This also includes tunnel work. Some 188 schools and airport improvements are also included in the plans.

These are just some of the indicated engineering projects. Others will no doubt crop up as the new Government pushes development.

Tenders Usually Called

Foreign engineering consultants and technical advisers are frequently called in by the Venezuelan Government to assist in specialized phases. A call for tenders is usually

made when the Government undertakes construction or other work on development engineering projects. Ample notice is normally given in the press. However, competition is keen and U.S., French, German, Italian and British firms are actively engaged here; in many instances, they have formed consortiums with local and other foreign firms. In many cases, it would be advantageous for Canadian firms interested in immediate and long-term opportunities to establish themselves locally. Association with a local firm not only means eyes and ears alert to news of pending projects but, more important, facilitates the all-important contacts with government or private sponsors of projects. It enables the Canadian firm to get the feel of the market better and makes for more effective bids.

Available Venezuelan engineering services are usually given preference. Engineers other than contracted specialists not available locally must be registered with the Venezuelan College of Engineers. However, this usually is no problem because our services largely complement rather than supplement existing facilities. In many instances, locally established industrial subsidiaries of foreign companies bring with them their own engineering staff and facilities.

This office will be pleased to facilitate contacts and to provide additional information on engineering opportunities in its territory.

Canadian companies shipping to Venezuela can avoid consigning goods to the agent's own account by naming a customs broker there as consignee, with instructions not to release title to the goods until the bank advises that the draft is paid. Some firms ask the Venezuelan consul to stamp consular and commercial invoices covering the goods with the "red seal clause", authorizing release from customs only when the original documents are presented.

U.S. Will Buy More Lumber

Spurt in most types of construction in the U.S. this year, and particularly the record number of housing starts, suggests banner sales for Canadian lumber in this lucrative market.

G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

CANADIAN exports of lumber to the United States in 1959 will be higher than in 1958. In fact, this may well be a banner year for sales of Canadian planks and boards south of the border.

What are the bases for this prediction? One is the statement made in the report of the Associated General Contractors of America: "The year 1959 should signal the start of a new era of construction growth." In fact, its forecast is for construction worth \$52 billion this year.

The U.S. Department of Commerce supports this view in its report on the construction outlook. It states: "Spending for new construction is expected to rise to a new high of \$52.3 billion in 1959—7 per cent above the record \$48.8 billion estimated for 1958."

Here is a breakdown of the 1959 outlook for the construction industry in the United States, as the U.S. Department of Commerce sees it.

Private and Public Residential Building

An 11 per cent advance in total new residential expenditures is expected—from \$18.5 billion in 1958 to \$20.6 billion in 1959. This sector accounts for nearly two-fifths of the total expenditures projected for construction in 1959. The main increase in resi-

dential building is expected to take place in new private, non-farm dwelling units.

Private Non-Residential Construction

For the second successive year, this segment of the construction industry is expected to decline, primarily because of a further fall-off in industrial building.

Commercial buildings—aggregate returns are expected to expand to match the record total of \$3.6 billion achieved in 1956.

Churches and related buildings—construction may hit the \$1 billion mark for the first time.

Public utilities—construction should hold close to its high levels, but may drop by 3 per cent.

Public Construction

All types of public construction are expected to increase, bringing the total to a record \$17.1 billion.

Highways—construction is expected to go up by 12 per cent and reach \$6.0 billion.

Public non-residential building—construction should reach the \$3 billion mark for the first time. Outlays for schools will show only a small gain.

Sewer and water facilities—construction will continue to advance and should rise to \$1.5 billion.

Canadian Lumber Exports to the United States

	1958			1957			1956			1955			1954		
	MFBM	\$		MFBM	\$		MFBM	\$		MFBM	\$		MFBM	\$	
Planks and Boards															
Birch	45,584	8,543,335		43,732	8,267,146		49,793	9,299,803		62,130	10,343,381		44,372	7,809,105	
Maple	24,131	4,199,147		27,176	4,648,921		32,579	5,312,998		33,368	4,896,820		26,984	3,861,309	
Hardwood n.o.p.	11,664	1,141,521		9,863	1,030,410		11,376	1,189,495		14,377	1,291,857		14,362	1,305,504	
Cedar	258,373	25,698,826		226,158	23,781,040		265,027	30,896,700		294,073	35,809,347		269,692	30,569,535	
Douglas fir	1,271,804	77,951,318		973,869	60,192,861		1,126,269	78,103,273		1,888,102	85,876,258		965,308	68,527,117	
Hemlock	387,030	27,793,730		362,920	26,205,217		371,787	28,232,234		327,790	26,095,433		323,302	26,394,461	
Pine	99,419	8,562,659		116,065	10,572,976		134,255	12,737,322		147,232	14,307,313		124,510	11,633,932	
Spruce	974,609	69,871,272		913,772	67,819,781		1,050,433	84,821,735		1,188,748	92,593,701		1,008,453	74,163,497	
Softwood n.o.p.	43,741	3,041,681		23,833	1,902,179		19,229	1,357,286		17,809	1,316,064		12,324	752,184	
	3,116,355	226,803,489		2,696,388	204,420,053		3,060,748	251,950,846		4,673,629	272,530,174		2,789,308	225,016,644	
Housing starts	1,194,700			1,041,900			1,118,100			1,328,900			1,220,400		
MFBM exported per U.S. housing starts	2.6			2.5			2.7			3.5			2.3		

Military facilities—these will be expanded at an accelerated rate and expenditures are expected to reach \$1.4 billion. This expansion will be concentrated chiefly on construction of long-range ballistic missile bases and dispersal bases for the Strategic Air Command.

Conservation and development—programs in 1959 should give rise to record outlays of \$1.1 billion for construction costs.

Residential Building Analyzed

Residential building dominates the construction industry and the forecast for this therefore has the greatest significance in any study of the market outlook. It also has special meaning for foreign lumber exporters.

An examination of the table will show a fairly stable relationship between Canadian exports of planks and boards and total housing starts in the United States. For the last three years, each housing start has been accompanied, on the average, by the export of 2.6 million feet of planks and boards from Canada. It is expected that housing starts in 1959 will equal, if not surpass, the 1.2 million figure achieved last year. This means that the opportunities for selling Canadian lumber in the U.S. market will be excellent.

U.S. Lumber Market Surveyed

The U.S. lumber market has been exceptionally firm during the first two months of this year. United States mills are booked solid on their green fir production and even greater pressure is expected to develop as the construction season gets into full swing. According to figures released by the West Coast Lumbermen's Association, which represents 63 per cent of production capacity in Washington and Oregon, order files totalled 463 million board feet for the week ended February 14, or 33 per cent stronger than the corresponding date in

1958. This firmer trend became apparent when the July 1958 wholesale price index of lumber reached 119.0, the highest level since August 1957.

The President of National Homes Corporation of Lafayette, Indiana, which builds one out of every forty new homes in the United States, stated: "By the end of the first month of 1959 National Homes builder-dealers were ahead by 8,500 units compared with a year ago." Other major Midwest builders have made similar optimistic statements on the outlook for 1959. The dollar value of construction put in place in February rose to \$3.5 billion, compared with \$3.1 billion in February 1958. First reports thus support the optimistic statements of industry spokesmen.

Central Mortgage Bank Advocated

The major concern of the construction industry is financing. It can be expected that 1959 will see a renewed attempt to have a version of a Central Mortgage Bank established. The feeling is that such an institution would increase the supply of capital available for home loans and provide a market for originators of and investors in home loans. It is proposed that the bank derive enough money for long and short-term mortgage investment by issuing debentures and notes at market prices. In any event, the purpose for which the Central Mortgage Bank is proposed—a steady level of mortgage credit supply—will receive a good deal of attention on Capitol Hill during the coming year.

Salesmanship Needed

To sum up, the current year should see increased shipments of Canadian lumber into the U.S. market, at strong price levels. The extent to which Canadian lumber exporters participate in this U.S. construction boom will largely depend on their own efforts. The market exists and it remains for Canadian exporters to take full advantage of it. ●



When house-building in the U.S. goes forward at a brisk pace, Canadian lumber exporters see their sales rise. Here Canadian spruce dimension lumber and wood trusses, and cedar sidewall shakes, are being used on a prefabricated house near Detroit.

A LOOK AT YUGOSLAVIA

K. F. OSMOND, *Commercial Secretary, Rome.*

YUGOSLAVIA, the largest country in the Balkans, has an area of about 90,000 square miles, or slightly less than one-quarter that of British Columbia. It has a population of approximately 18 million, some 60 per cent of whom still depend on agriculture, forestry or fishing for a living. But in the postwar years an intensive effort has been made to build up industry, starting in 1947 with the inauguration of the first five-year plan. Progress has been substantial and today industry ranks first in value of production.

From the start of the plan, special emphasis was placed on the development of power resources and on such basic industries as ferrous and non-ferrous metallurgy, machine-building, and metalworking. As a result, Yugoslavia not only produces pig iron and rolled steel, refined and rolled non-ferrous metals, but also machine tools and heavy industrial equipment. All branches of industry have shared in the great postwar increase in output, but the metalworking industry holds first place in value of production, followed by the textile industry.

Industrial Development Promoted

Investment in industry is continuing, although on a somewhat smaller scale. The new five-year program of economic development, adopted towards the end of 1957, provides mainly for the reconstruction and modernization of existing industrial plants, although some funds are earmarked for the building of new ones. Electrical engineering, shipbuilding, copper, chemicals, aluminum and cement are to receive special attention. In general, the Yugoslavs are pushing industrial development and the export drive rather than the expansion of domestic consumption. During the first nine months of 1958, industrial output rose 10.7 per cent over the corresponding period of 1957.

Attention Turns to Agriculture

The effort expended on the rebuilding and extension of industry has meant less attention given to the improvement of agriculture. Partly as a consequence of this, output has not kept pace with the growth in

population and the increase in consumption. Now that industrial production has attained a relatively high level, investment in agriculture is receiving new emphasis.

Wheat continues to be by far Yugoslavia's main crop, and wheat-growing districts make up about 32 per cent of the total agricultural area. Other significant crops include corn, potatoes, barley, oats and rye; hemp and tobacco are also grown extensively. But the average agricultural yield per unit is low and production fluctuates widely from year to year, partly because of droughts but also because of lack of modern farm equipment and relatively little use of fertilizers. Ninety per cent of the available land consists of individual holdings of less than ten hectares each. There are over 6,000 farmers' co-operatives today, with a membership of nearly 1½ million, and most of the investment in agriculture is being made through them, with stress on supplying modern equipment and carrying out major reclamation projects. Larger units such as these naturally make greater agricultural output possible.

Agricultural production last year was an estimated 15 per cent lower than in 1957, when most harvests turned out to be exceptionally large. The 1958 figure, however, is 5 per cent above the average for the last five years.

Foreign Trade Examined

In the first nine months of last year, according to provisional figures, exports totalled 93 billion dinars, up 11 per cent over the same period of 1957. Although industrial products contribute most to Yugoslavia's export trade, agricultural products accounted for most of the 1958 increase in exports—particularly maize, from the record crop of 1957. Increases were also marked in those branches of industry dependent ultimately upon agriculture, such as food and tobacco processing. Other industrial exports declined in value, with the largest drop recorded in products of the non-ferrous and ferrous metallurgical industries, in chemicals, and in textiles. Increases in shipbuilding, machinery and leather exports helped to counteract these losses to some extent.

The scope and direction of economic growth in Yugoslavia, the way in which its foreign trade is conducted, and the possibilities for greater trade with Canada are examined in this report from our Commercial Secretary in Rome.

The bulk of Yugoslavia's imports from all sources consist of raw materials and capital goods of complex types. In the first three quarters of 1958, for example, imports rose by 5 per cent to 159.3 billion dinars. But purchases of machinery and transport equipment went up by 42 per cent to a record high, and imports of fertilizers, manufactured products, livestock for breeding, and dairy products also increased. Imports of cereals, especially wheat, dropped sharply; those of edible fats, raw hides and skins, oilseeds, metal ores and wastes, mineral fuels and lubricants also decreased.

The trade deficit of 66.3 billion dinars for the first nine months of 1958 was to a large extent compensated by war reparation and restitution payments, U.S.



A section of the new 135 km. Zagreb-Ljubljana highway, opened to traffic last November, shows the notable advances that Yugoslavia is making in improving communications.

economic aid, and other long-term foreign loans and credits. Earnings from the tourist industry are also assuming increasing importance as a source of income.

How Foreign Trade Is Conducted

Before discussing the trade between Canada and Yugoslavia and the prospects for expanding it, it might be useful to explain just how Yugoslavia conducts its trade.

The foreign trade organization of Yugoslavia is, in contrast with that of other communist countries, significantly decentralized and liberalized. Government control is limited to the preparation of broad annual plans and the formulation of general laws to guide economic activity in such a way that it does not run counter to these plans. There are several official bodies involved in the various facets of foreign trade and in

order to co-ordinate their activities a Committee for Foreign Trade was established in 1956.

Among the duties that the Committee carries out are the following:

1. Processes measures concerned with the exchange of goods with foreign countries, such as the annual export and import plans and the implementation of these.

2. Determines export and import instruments, prescribes premiums and other measures to promote exports.

3. Decides on the amounts of foreign exchange sold by the National Bank to commercial organizations at the various exchange offices.

4. Prescribes the terms under which credit transactions are carried out abroad.

5. Approves barter deals.

6. Undertakes other measures to promote the exchange of goods with other countries.

Financial control is exercised by the state banking organization, consisting of the National Bank of Yugoslavia, the Yugoslav Foreign Trade Bank, and the Investment Bank. Of these three state banks, the Yugoslav Foreign Trade Bank, established in 1956, engages exclusively in looking after foreign business and international payments for the account of firms carrying on foreign trade. All payments for goods exported or imported go through this bank. It also gives short-term dinar and foreign exchange credits to firms engaged in foreign trade and makes loans for transactions requiring long-term financing, such as shipbuilding and construction contracts undertaken by Yugoslav firms abroad. In addition, the Bank can grant foreign exchange credits for emergency purchases of new materials or machines when they are needed to increase export potential.

Also active in foreign trade is the Federal Chamber of Commerce. It takes responsibility for the development of trade relations with other countries, organizes co-ordinated action by Yugoslav firms in foreign markets, gives out information on foreign markets, trains personnel for firms engaged in export trade, and fosters good trade practices. All enterprises carrying on foreign trade must join the Chamber as soon as they are listed in the Foreign Trade Register. The only firms that are accepted for registration, however, are those which have satisfied the Foreign Trade Committee that they can fulfil certain legal requirements to engage in foreign trade.

There are about 450 firms directly connected with foreign trade activities. Of these, about 330 undertake export and/or import trade and are more or less specialized. With the exception of some of the larger factories, which are permitted to import specific commodities of which they are in constant need, all import and export trade is done through the registered foreign trade enterprises.

Notwithstanding the ownership of these enterprises by the state, they are independent of the Government in their day-to-day operations and act on their own initiative. They are expected to pay their own way in competition with one another and also with foreign firms. As an incentive, they are allowed to retain part of their profits for distribution among their workers and for development of their fixed capital.

No Customs Tariff

The Yugoslav authorities have announced that they are revising their entire foreign trade system to a normal free-market system in which a customs tariff, yet to be established, will be the effective instrument bearing on imports into the country. It is expected that this changeover will take about three years. At present there is no customs tariff and customs duties do not play a part in the conduct of foreign trade. Instead, a system of coefficients is in force serving to correlate average Yugoslav prices of various products with their average prices abroad, converted into dinars at the settlement rate. There are at present 12 import coefficients, ranging from 1.00 to 3.00 (that is, the price of the goods entering Yugoslavia varies from the foreign price to three times this price according to commodity), and 13 export coefficients ranging from 0.60 (60 per cent of the foreign price) to 2.00.

Foreign Exchange Controlled

Normally, 99 per cent of the foreign exchange earned by Yugoslav exporting enterprises has to be surrendered to the Foreign Trade Bank at the "settlement" rate. This varies slightly with the different currencies but is about double the official parity rate. This bank sells foreign exchange at the settlement rate, mainly for the import of essentials. Individuals and enterprises that require foreign exchange to buy non-essentials may purchase it at auctions that the National Bank organizes for this purpose. The cost of exchange at these auctions varies from week to week, but it is always very high—sometimes as much as ten times

the official parity rate (one U.S. dollar equals 300 dinars). The bulk of trade is carried on at the settlement rate.

Yugoslavia finds its main trading partners the Eastern and Western European countries, as the table on the left indicates. The figures on imports include goods bought with economic aid from the United States and from other sources.

The main customers for Yugoslavia's exports are Italy, West Germany, the USSR, the United States, Britain and Austria. The same countries are also its most important suppliers.

Trade with Canada

One of the most serious problems confronting Yugoslavia's foreign trade is the continuing shortage of foreign exchange, especially of convertible currency. Generally speaking, the country endeavours to balance its purchases from abroad with exports and has concluded a number of bilateral trade agreements that list the exports required to finance the list of imports from the country concerned. It is this shortage of foreign exchange and these bilateral agreements with various other countries that have limited the expansion of trade with Canada. Recently, however, a Commercial Secretary was appointed to the Yugoslav Embassy in Ottawa. Moreover, a committee for the promotion of sales to Canada and the United States was appointed early in 1958. It operates within the framework of the Federal Chamber of Foreign Trade and is composed of firms interested in trade with Canada and the U.S.

Yugoslavia at the present time buys from Canada chiefly magnesium, certain drugs and chemicals, synthetic resins, raw hides and skins. It also makes smaller purchases of manufactured goods, such as gas engines and parts, office calculating machines, fountain pens and mechanical propelling pencils. In 1957 Canada's exports to Yugoslavia were valued at \$219,515 and in 1958 totalled \$206,840.

Canadian imports from Yugoslavia consist mainly of deadburnt refractory magnesite, broom corn, hops, manufactures of wood, including furniture (mostly bentwood chairs), baskets, canned anchovies and sardines, and alcoholic beverages. Total imports into Canada reached \$578,473 in 1957 and \$733,072 for the first eleven months of 1958.

Index to Foreign Trade

The index to Volume 110 of "Foreign Trade", covering the issues from July 1, 1958, to December 20, 1958, has now been printed. Readers who wish to have copies should write to the Editor. Copies of the index for Volume 109, January to June 1958, are also available.

YUGOSLAVIA'S FOREIGN TRADE

	Exports		Imports	
	(in million dinars)*			
	1958 (Jan.-Sept.)	1957 (Jan.-Sept.)	1958 (Jan.-Sept.)	1957 (Jan.-Sept.)
Western Europe	49,089	44,707	67,570	59,923
Eastern Europe	24,492	20,463	43,726	27,487
Asia	6,075	5,887	5,695	8,683
Africa	6,530	4,097	4,666	3,509
North America	6,150	7,492	32,381	48,302
Central America	30	28	491	951
South America	689	538	2,293	2,013
Oceania	7	6	2,435	1,063
Total	93,062	83,218	159,257	151,931

*\$1.00=300 dinars.



Commodity Notes

Automobiles

AUSTRALIA—A large engineering group, Clyde Industries Ltd., will assemble Renault cars under contract at a new plant to be built at Broadmeadows near Melbourne. Production should be rolling in the new factory by the end of this year. A new subsidiary of the French Renault company is to be formed in Australia, financed by French capital of £100 thousand—Melbourne.

FRANCE—The South African Government has approved an agreement between the Citroën Company and two South African firms for assembling Citroën cars in that country. Initially, this will concern only the I.D. 19 model, and from 1,000 to 1,500 will be assembled during the first year—Paris.

Book Paper

ARGENTINA—La Celulosa Argentina S.A., Buenos Aires, recently obtained from the Export-Import Bank a credit of US\$6.5 million to help finance an \$8 million mill for making book paper. The mill will have a capacity of 33,000 metric tons a year. Its machinery is to be supplied by the Beloit Iron Works of the United States and includes about \$1 million worth of electrical equipment from Westinghouse Electric Corporation—Buenos Aires.

Building Board

SOUTH AFRICA—Stramit building board, made of highly compressed straw, is now being made in the Union. It comes in sheets two inches thick, four feet wide and up to eleven feet long, and is used chiefly for partitioning and roofing—Johannesburg.

Cellulose

SWEDEN—Svenska Cellulosa AB (SCA) estimates that it has invested kr.200 million during the period 1955-1960. The largest investment to date—kr.100 million—has been made in the new paper factory at Örtviken, where the first of two paper machines began operating last spring. At full capacity it can produce 80,000 tons of newsprint a year, and the other machine

will be made to produce a similar amount when it is completed in about six months.

SCA is turning out an important new product—figured panelling board—at its board and plywood factory. Its research scientists are also working on various combinations of paper and plastic suitable for the packing industry, and a new type of water-resistant paper—Stockholm.

Chemicals

SOUTH AFRICA—South Africa's biggest chemical manufacturer is planning a \$15 million expansion program that will double its chlorine output, increase its production capacity for plastics and solvents, and add several new products. Polythene will be made in all densities and grades and new products will include polyvinyl chloride, methanol, formaldehyde and urea-formaldehyde resins. The firm hopes to supply all the Union's needs as well as those of manufacturers in the Rhodesias and farther north. The project will take several years to complete and will represent a total postwar investment in South Africa by the firm of some \$125 million. About 10,000 tons of methanol, 8,000 tons of formaldehyde and from 4-5,000 tons of urea-formaldehyde resin are to be turned out every year—Johannesburg.

Coffee

BRAZIL—The Brazilian Coffee Institute reports that coffee exports in the second half of 1958, at 7.1 million bags, showed a considerable improvement over the 5.8 million of the first half of the year. In addition, the world market absorbed more than one million bags in the last six months of 1958 that had been exported on consignment before July 1. Exports so far in 1959 have totalled 1.4 million bags in January and 1.7 million in February—São Paulo.

Enriched Uranium

FRANCE—Construction of a large plant for the production of enriched uranium has begun in southwest France. The main part of the new building is expected

to be one kilometer (0.6 miles) long. It will cost some Can.\$128.7 million and employ about 1,000 persons—Paris.

Feed

VENEZUELA—Venezuela will soon have South America's largest feed mill, according to Sprout, Waldron & Co., Inc. who designed and engineered the plant for Protinal C.A., Venezuela's leading animal and poultry feed producer. Slip-form concrete construction will be used for the ten-storey mill—Caracas.

Hydro-electric Power

PORTUGAL—A new Can.\$38 million dam and power station that is to be built in the basin of the Rivers Cavado and Rabagao in north Portugal should start producing in 1962. The dam, to be completed in 1965, will be able to hold back 5,000 million cubic metres of water retained by a wall 28 metres deep and 2,063 metres long. An average of about 1,400 million kwh. of power a year will be generated—Lisbon.

Iron Ore

VENEZUELA—During a recent interview, the President of the Orinoco Mining Company disclosed that his company's production during 1959 will, it is estimated, reach 15 million tons—Caracas.

Jeeps

BRAZIL—The first jeeps made in Brazil were exported at the end of March by Willys Overland do Brasil to Valparaiso, Chile. Willys is also reported to have received an order for 5,000 jeeps from Indonesia—São Paulo.

Kraft Paper

SWEDEN—Producers of kraft paper in Sweden, Norway and Finland have agreed to cut their production by 15 per cent to achieve a better balance between supply and demand. Prices remain unchanged—Stockholm.

Machine Tools

SWEDEN—V. Gustafssons Mekaniska Verkstad, Stockholm, has contracted with the municipal authorities of Irvine, Ayrshire, Scotland, to build a small machine tool factory in the town's new industrial estate. There is considerable unemployment in Irvine and a representative of the town is soon to visit Sweden to discuss other projects—Stockholm.

Natural Gas

FRANCE—Large deposits of natural gas have been discovered in the Sahara, and the experts are already

talking of an annual production of 210 million cubic feet. This might be increased to 710 million cubic feet, more than the total consumption of gas in France today. Although it is expected that some may be exported to Spain and France by pipeline under the Strait of Gibraltar, most of the gas will probably be used in Algeria for giant thermal power plants. The electric power would flow by underground and under-sea cables to Spain, Italy, and France at a cost appreciably below current power rates in the three countries. Estimates are that 50,000 million kwh. could be produced for export—Paris.

Non-Ferrous Metals

INDIA—Licences to import aluminum, zinc and lead from the Soviet Union were issued during the week ended February 28, 1959, by the Chief Controller of Imports and Exports of the Ministry of Commerce and Industry, New Delhi, to the Indian State Trading Corporation. Imports will be permitted to the value of Can.\$470 thousand for aluminum, \$2.2 million for zinc, and \$112 thousand for lead—New Delhi.

Oil

AUSTRALIA—Nearly one-third of the £20.7 million of overseas capital spent on the search for oil in Australia and its territories in the past four years has been spent in Western Australia. Capital from sterling and dollar sources has poured in at well over £1 million a year, totalling £6.6 million from 1956-59. The National Development Minister says there are indications that even more money for oil exploration from foreign and domestic sources is going to be spent in future. Overseas companies have formed links with Australian ones to spread the search over wider areas—Melbourne.

Orlon

NETHERLANDS—The American firm, du Pont de Nemours & Co., has announced that it plans to start building a factory at Dordrecht this year to make orlon. Production will begin by the end of 1961 and capacity will be about 15½ million pounds of fibre a year. Between \$4 and \$5 million will be invested in the plant, which will cover an area of 100 acres—The Hague.

Pine

NEW ZEALAND—New Zealand timber interests are awaiting government approval for a proposal to export 80 to 100 million log feet of radiata pine a year to Japan. A press statement says that seven suppliers have pooled their timber resources following discussions with representatives of Toyomenka Kaisha, the Japanese

organization that has been negotiating a contract. It is understood that the question of long-term contracts may determine the success of the discussions—Wellington.

Rubber

MALAYA—Malaya is expected to become the world's leading producer of natural rubber in 1959, overtaking Indonesia which has been the leading producer for many years. Malaya will have replanted and newly planted 1.1 million acres of high-yield rubber by the end of this year—Singapore.

Salt

UNITED STATES—A new salt mine, said to be the deepest in the United States, was opened recently in Ohio by the Morton Salt Company. This is the first salt mine to be opened in this state since 1901. By the fall of 1959, it is expected to produce some 300 tons of salt an hour. The Government of Ohio has awarded the company a 50-year lease on 6,000 acres of underground salt bed (the deposit is estimated at 200 million tons). The Government will collect a royalty of five cents a ton, or an estimated \$50,000 a year, based on anticipated annual production of one million tons—Detroit.

Television Sets

PORTUGAL—The Portuguese firm Standard Electrica, S.A.R.L., the local branch of a United States firm, has been granted a licence to make and assemble television receivers. According to the terms of the licence, manufacturing and assembly must begin within 18 months and within 2½ years, all parts of the sets must be made in Portugal—Lisbon.

V-8 Engines

BRAZIL—On November 21, Ford Motors do Brasil opened its new plant in São Paulo for making V-8 engines. It contains 31 presses of up to 1,000 tons, and will turn out initially 120 engines a day. The company intends to make 15,000 trucks in 1959 and 24,000 in 1960. It has invested US\$24 million in imported machinery and equipment and has bought more than Cr.\$800 million worth of buildings and equipment in Brazil—São Paulo.

Wallboard

NORWAY—Norway's five wallboard factories turned out approximately 100 thousand tons last year. During the past ten years, output has doubled and exports have risen from 3,500 to nearly 45,000 tons. Although shipments abroad have risen faster than output and domes-

tic consumption has declined, Norway is still one of the biggest per capita wallboard consumers in the world, second only to Sweden—Oslo.

Yeast

SWEDEN—A complete Swedish-made yeast plant costing kr.6 million is being delivered to the Soviet Union. The contract was concluded with Svenska Jästfabriks AB (SJA), an engineering firm in Nässjö. SJA is not only making all the technical equipment, but is also supervising construction and will send engineers and assistants to install the machinery. The firms AB Separator and Avesta Ironworks are making the machinery under sub-contract from SJA—Stockholm.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service will shortly begin tours in Canada. Their itineraries are:

M. B. BLACKWOOD, *Commercial Secretary in Djakarta, Indonesia:*

Montreal—May 25-27	Toronto—June 1-3
Hamilton, Brantford—May 28-29	Winnipeg—June 4-5

N. W. BOYD, *formerly Assistant Commercial Secretary in Berne, Switzerland:*

Ottawa—April 20-May 8	Saskatoon—July 16
Winnipeg—June 29-July 11	Vancouver—July 20-August 7
Regina—July 13-14	

When he completes his tour Mr. Boyd will be posted to Tokyo, Japan, as Assistant Commercial Secretary.

R. F. RENWICK, *Consul and Trade Commissioner in Chicago:*

Vancouver—May 6-9	Toronto—July 6-10
Edmonton—May 11-12	Ottawa—July 13-17
Regina—May 13	Montreal—July 20-24
Winnipeg—May 14-15	

Mr. Renwick will be transferred to Port-of-Spain, Trinidad, as Commercial Secretary late in August.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

French Agriculture Faces the Future

New trade and financial regime in France has affected agriculture in several ways, detailed in this report. Switch from wheat to livestock production is being encouraged; trade in some products used in farming operations has been liberalized.

VIVIAN F. WIGHTMAN,
Agricultural Attaché, Canadian Embassy, Paris.

FRENCH agriculture has not been unaffected by the important trade and monetary measures* that the French Government introduced at the end of December. A number of these changes, such as the cut in government subsidies, will influence farming costs. For example, subsidies on farm machinery purchases were reduced from 15 to 10 per cent and those given for planting of olive trees and uprooting of apple orchards were cancelled. Certain taxes were raised, including that on fertilizers. The minimum wage was increased and so was the basis for both income tax and farm rents. Furthermore, subsidies on certain foodstuffs, including bread, were removed and taxes increased on wines, tobacco, spirits, etc. This may well affect consumption.

In rural opinion, however, the most controversial measure was the removal of "indexation" of support prices, that is, the tying of these prices to certain indexes reflecting farming costs. This policy was adopted in 1957 during a period of inflation in order to give meaning to forward prices and as an equivalent to the escalator clause in industrial wages. However, the French Government felt that the widespread use of such "indexation" carried the built-in threat of an inflationary spiral and that furthermore, with price stability this practice will no longer be necessary.

Basic Policy Unchanged

The Minister of Agriculture has since confirmed that the basic agricultural policy remains unchanged: it is based on first, guiding output by a system of forward prices for the chief products; second, improved distribution, including construction of storage facilities, and third, raising rural efficiency by education and extension services.

*See *Foreign Trade* of January 31, 1959, and April 11, 1959.

Although the French Government has abolished the automatic adjustment of agricultural prices with changes in cost indexes, forward pricing does in fact require periodic adjustment in accordance with over-all price movements. Shortly after automatic indexation was withdrawn, the Government issued new target prices for 1961 to reassure the farming community that the goals remain unchanged: that is, a shift away from soft wheat towards durum, coarse grains and livestock output. On the whole, prices were raised by 6 per cent, corresponding to rises in taxation and prices contained in the 1959 budget. However, the Ministry of Agriculture took advantage of this occasion to boost the price of durum by 11 and that of barley by 7 per cent.

Support or fixed prices are normally to reach the 1961 level by successive steps. Soft wheat is the only principal crop slated for a price decline and this was pushed ahead to the 1961 level last summer. Producers therefore know that they cannot expect any improvement in the price for soft wheat, though prices for the other principal field crops will advance. The French Government is thereby hoping to influence the production pattern.

It is too early to judge the success of this policy but the authorities are cautiously optimistic. Last season the area sown to wheat showed a small decline (1.3 per cent) after recent gains, and there were increased plantings to corn, sugar-beets and barley. These trends are expected to continue for the 1959 season.

Growing Season Disappointing

After a good start, the 1958 growing season proved disappointing, with last-minute reductions in yields of many field crops because of the cold wet summer. In addition, vineyards, olive trees and certain orchards still show the effects of frost damage during the past few years.

Bad weather in July and August cut wheat production 13 per cent from July 1st estimate, which was on a par with 1957's crop. Barley suffered less from being harvested early but rapeseed fell 30 per cent below forecasts in the early summer. The sugar-beet crop was satisfactory in volume but had a lower sugar content. The potato yield was below normal and led to shortages by the end of the year. Wine production recovered from the disastrous low of 1957 but remained a sixth

below the previous five-year average. Only partly offsetting the above were record crops of rice and corn.

Beef Production Emphasized

Livestock production progressed satisfactorily in response to government appeals to raise output. Attractive support prices for beef have been established on a progressive scale up to 1961, and it is towards beef production that attention is directed in view of the shortage in France and elsewhere. Available statistics indicate that beef output has ceased its decline since 1955; fewer calf slaughterings and a build-up of herds on the farms augur well for the future. The livestock census of October 1st showed total cattle numbers at 18.4 million head, 3 per cent over the previous year; the chief gains were in calves, feeders and dairy cows.

French statisticians readily admit the inadequacy of reliable information on milk output. Milk production (cows only) is thought to be about 200 million hectolitres (4,400 million gallons); it probably increased less in 1958 than in the previous year because of the cool late spring. Furthermore, due to the difficulties on the international market, support prices were advanced only by the minimum required by legislation. With the introduction of the 1959 budget, the French Government announced that funds to support the dairy market would henceforth come from a levy on milk deliveries, instead of from the Treasury as heretofore. For the present, the levy is in abeyance because no additional funds are required; the rate would amount to about 1.4 per cent of the producer price.

Less Wheat for Export

The reduced 1958 wheat crop of 9.6 million tons resulted in an export surplus of only half a million tons, compared with over two million during the 1957/58 season. The excessive rainfall during harvest lowered the quality so that a large part of current exports has consisted of feed wheat. Although domestic requirements in France were covered, wheat has been bought for Algeria, including 145 thousand tons from the U.S.S.R.

Germany has been the chief market for French wheat this season. During the 1957/58 crop year, it was second to the United Kingdom, each taking over half a million tons. The main long-term market interest lies in Germany.

For the past three years the Franco-German trade agreement has provided an assured market in that country for 500 thousand tons of wheat and 200 thousand tons of coarse grains. A new trade agreement between France and Germany will possibly be concluded under the terms of the Common Market treaty, which envisages increased trade among its members. The main problem facing French exporters is the soft-wheat surplus in both Germany and Italy, so that France will have to continue to look beyond the new

Community for the bulk of its exports in normal years. This also explains the government policy of replacing soft wheat by coarse grains, which are in strong demand in Europe.

France has been in the market for durum wheat this season because of smaller crops in North Africa. The joint durum deficit for France and Algeria has recently been estimated at over 200 thousand tons, of which 180 thousand have been purchased from Spain, Argentina and Turkey, and latterly 30,000 tons from Canada. The problem in placing our durum wheat has stemmed from the difficult foreign exchange position of France which led to preferential treatment for compensation deals or payment under bilateral agreements.

Liberalization and Agriculture

On the whole, French agriculture remains well protected from the chilly gusts of competition despite the extensive trade liberalization and import relaxations. Even apart from commodities marketed under state control, (grains, oilseeds), full import control remains on all dairy products, wines, sugar, most fruits and vegetables. The main category liberalized within the OEEC area is cattle and beef. The 17.5 per cent devaluation of the franc provides additional protection.

Products freed for import from Canada and the United States are mainly certain livestock products, furs, seeds and raw materials; the largest single commodity in terms of actual trade is cotton. A certain number of the items listed are not produced in North America, and in the case of seed potatoes, other regulations limit imports to specific European countries.

Certain products entering into agricultural operations are now liberalized for import from Canada; included are certain fertilizers and combines. The liberalization of imports from OEEC countries of products used in agriculture is somewhat more extensive. French farm spokesmen have long stated that they would be prepared to compete with any country in Europe, provided they have the factors of production at the same price as in the neighbouring countries. In opening French agriculture to greater competition by the limited trade liberalization, and also taking into account measures affecting agriculture in the new budget, the French authorities are thus offering agriculture the opportunity to improve its relative efficiency and also are exerting pressure to lower food costs.

Trade in Agricultural Products

Agricultural products occupy a relatively modest place in total French trade, accounting for only 12 to 14 per cent. However, official policy is to promote agricultural and other exports to help pay for the fuels, capital goods and raw materials not available in France.

The two chief agricultural exports are beverages (wines and brandies) and grains, with now one and now the other moving to first position. During the first

11 months of 1958, in trade with foreign countries, beverages moved ahead, with exports worth about \$100 million; grain exports reached \$74 million. The latter figure reflected the seasonal nature of French wheat exports, with accelerated selling of the 1957 wheat crop immediately after harvest to free space in country elevators, and the smaller amounts for export from the 1958 crop.

Agricultural imports consist chiefly of out-of-season fruits and vegetables, tropical produce and oilseeds. Wine imports reached a new high in 1958 because of short supplies in France. The pattern of the wine trade is to export the high-quality, labelled product and to import ordinary table wine, mainly by tanker ship, from North Africa.

Canadian trade with France in agricultural food products remains limited because both countries produce much the same things. Our principal export to France, flax, held up well and we moved ahead of other suppliers in 1958. Purchases of durum wheat began only in the last quarter of the year and from Canada early in 1959. Exports of canned salmon to France were cut out almost completely because no special quota was established in 1958 as heretofore and imports were limited to small quantities for trade-fair displays to a value of some \$20,000.

France and the Common Market

The practical effects of the Common Market on French agriculture have been very slight so far. However, its provisions will carry on from year to year, with the steady lowering of tariffs and enlarging of quotas. Agriculture has been given special treatment in the Common Market; the June 22, 1958, and September 27, 1958, issues of *Foreign Trade* carried details on and discussed the agricultural provisions of the Common Market treaty.

From the outset, French farm circles have given strong support to the concept of the Community. France has many natural advantages, with half the agricultural land of the Community and a wide climatic range. It is already Europe's leading producer of a wide variety of animal and plant products and, with current technological advances, needs new markets for its growing output. Even now there is the problem of surpluses with normal wheat crops, and France is in a marginal position for barley, butter, hogs, etc. An enlarged market of 160 million consumers thus offers greater possibilities than the current domestic one only a fourth of that size. French prices have been, for the most part, in the medium position for the area and the recent devaluation of the franc improves the French competitive position. Treaty provisions require, in the case of a limited number of products to be determined, purchase from the Community member countries at the rate paid to domestic producers. This will facilitate the placing of French products. ●

Italy's Marble Industry

THE Italian marble industry, which employs some 50,000 workers, has won a world-wide reputation for the quality and variety of its products. Much of the marble comes from the Apuan Alps, a mountain range that parallels the Mediterranean coast from La Spezia to Leghorn. This district, and in particular the quarries at Carrara and Pisa, is principally known for its famous white statue marble. Other marbles quarried outside of this area include the red marbles from Verona, black from Varenna, yellow from Siena and the veined type from Apulia.

Production of rough block marble reached a peak of 634 thousand metric tons in 1926. The depression of the 1930's, coupled with the increased use of cheaper substitutes, caused a slump in the industry so that 1938 production was only slightly more than one-half the 1926 record. Since 1951, however, output has increased steadily and in 1955, at 659 thousand tons, surpassed the 1926 figure for the first time. Despite the mild recession of 1957-58, output for 1958 was expected to equal that of the previous year.

Exports are of great importance to the industry and regular shipments of marble in various forms go to dozens of markets the world over. Hewn marble blocks are shipped principally to the United States, West Germany, France, Venezuela and the Benelux countries. Marble granules and powders are exported to the United States, Britain, the Benelux countries and to Canada, Italy's fourth largest customer for these items in recent years. Italy's chief customers for polished marble slabs have been Britain, the United States and West Germany. In addition, Italy sells abroad substantial quantities of manufactures of marble and marble ornaments. Canadian imports of rough and sawn marbles and marble ornaments and manufactures from Italy climbed from \$458 thousand in 1956 to \$650 thousand in 1957. For the first eleven months of 1958, the figure stood at \$509 thousand.

Although building projects and modern Canadian architectural designs do not require large quantities of marble, there is a steady market in Canada (and particularly in the Province of Quebec) for Carrara, Travertine and the other less famous marbles from Italy. The Office of the Commercial Counsellor, Canadian Embassy, Rome, is in a position to give information on various Italian exporters of all types of marble who are not currently represented in Canada.

—J. G. IRELAND,

Assistant Commercial Secretary, Rome.



Party fishing boat designed for Texas client. Plywood and fiberglass construction with twin 300 h.p. engines, twin screws. Length: 45', beam 15'. Draft: 2'. Speed: 25 knots.

We Export Boat Designs

says naval architect John Brandlmayr of Vancouver. Here are some highlights from his story, as told to Norman Dahl of "Foreign Trade".

WHEN he was eighteen, John Brandlmayr designed his first boat. Now, as head of his own firm, John Brandlmayr Limited, he sells designs not only in Canada but in almost every corner of the world. Buyers in the United States are his best customers, followed by those in South Africa, New Zealand, Australia and the Arab countries. But he has also sold designs in Italy, Cuba, Portuguese West Africa and Rhodesia—and even where boat-building is a highly developed industry, as in the United Kingdom and Norway.

When we asked him how he got a start in his present business, Mr. Brandlmayr replied simply that it "just grew" from a pleasant hobby into what has become a full-scale consulting firm with a staff of highly trained naval architects and engineers. It employs not only university graduates licensed by Canadian engineering societies but also men with a solid background of service at sea. Naturally most of them are or have been boat-owners themselves.

From Tugs to Dinghies

What kind of boats take shape on the Brandlmayr drawing-boards? Since 1946, the firm has designed pleasure and commercial vessels of all sizes, with the exception of ocean-going ships. Its first export sale was made in 1947, when a design for a 19-foot runabout was sold to a builder in North Carolina. Since then, all varieties of designs have been exported.

Among the commercial ones are those for tugs, fishing boats, passenger and patrol vessels, barges and water taxis. Pleasure boats are of all types and sizes, ranging from sailing yachts and luxury cruisers 50 feet long to small 12 and 14-foot dinghies. Materials used include plywood, solid wood, reinforced plastics, fiberglass, steel and aluminum.

The firm's export business has been confined largely to what Mr. Brandlmayr calls its "middle" range of designs; the most popular ones are the high-powered inboard and outboard cruisers 18 to 32 feet long. The smallest boat the firm has ever designed for export was an 11-foot aluminum alloy craft for quantity production, and the biggest, the 45-foot party fishing boat shown on this page. Another large vessel planned especially for a foreign buyer was a 42-foot harbour tug for Havana. Built in a Cuban shipyard, this tug has been in service there for over three years.

Suiting the craft to the job is usually a complex and exacting business. Tugs in particular call for a lot of special planning. For towing logs and barges and for harbour and deep-sea salvage work, a deep draft vessel is needed and for swift river currents, high-speed, shallow-draft tugs. In addition, because tugs are really floating workhorses with power out of all proportion to their size, they demand as much attention to mechanical details as to form and structural design.

Fishing boats need special attention too. Brandlmayr engineers have developed a number of stock plans in West Coast trollers and gillnetters. To add a bit of glamour to the business, they have even designed high-speed gillnetters on the lines of pleasure boats.

But designers do not like to end their work at the drawing table. When possible (and this is one of the difficulties in doing business abroad) they work as closely as they can with the builder. The architect's advice about construction details is invaluable because his experience extends far beyond the theoretical. He should be retained, where practicable, for such things as selecting propellers, giving advice on engine specifications, and supervising sea trials. The latter are important for getting the "kinks" out of a new boat and for providing valuable operating data.

Breaking into Overseas Markets

How does Mr. Brandlmayr interest foreign buyers? His is a professional service, he says, with little allowance for advertising, promotion or travel. He does advertise, however, in some American nautical magazines, but he apparently relies principally on the good word of satisfied customers.

So far, the satisfied customers have done their work well. Most of Mr. Brandlmayr's clients have written his firm on their own and he has made sales without the help of foreign agents or special advertising in these countries. In some instances, shipyards, rather than individuals, have requested plans on behalf of their customers. He has been in close touch with Mr. P. G. Jones of the Commodities Branch of this Department who, incidentally, attributes much of Mr. Brandlmayr's success to his enthusiasm about the work he is doing and to his energy and keen business sense. He has also been in contact with Canadian Government Trade Commissioners by correspondence and during their visits to Vancouver.

A Question of Values

Doing business in foreign countries is rarely smooth sailing and this firm has had its share of rough weather. Mr. Brandlmayr encounters the usual foreign exchange problems, though he says the recent currency changes in Europe should ease the difficulties in dealing there. More serious is the question of money values. Canadians who have little contact with foreign countries seldom realize that a small sum in Canadian currency can look gigantic to a foreign buyer. Mr. Brandlmayr feels that his office can turn out a large volume of good work at reasonable cost in a comparatively short time because his staff is highly skilled. He has no doubts, therefore, about the fairness of his fees, though it may be difficult to explain this to a customer abroad.

Payments arrangements are left to his clients; in many instances, he finds that the actual payment is

handled by an American representative. He requests payment in advance because the relatively small sum charged for a set of specifications and blueprints does not warrant credit-financing arrangements or special insurance. These extra complications would, of course, add to the cost to the buyer and the firm tries to keep this at a minimum.

"We feel we have a great deal to learn about foreign trade," says John Brandlmayr. Perhaps he does. But his success in this highly competitive field shows once more that business in overseas markets comes to the man with confidence in his product or his services and a willingness to put forth a real effort to make them known.

Tours of Territory

B. C. BUTLER, Minister (Commercial) in London, England, will visit the main centres in Scotland during the first two weeks of May.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from May 3-9.

M. P. CARSON, Trade Commissioner in Singapore, will visit Bangkok, Thailand, from April 19-May 2.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Turkey during the last two weeks of May.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, will visit Canton, Communist China, for one week beginning about April 25.

R. D. SIRRS, Assistant Commercial Secretary in Caracas, Venezuela, will visit Ciudad Bolivar, Cumana, Puerto Ordaz, Puerto La Cruz, and Barcelona towards the middle of May.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Kuala Lumpur from May 12-14.

R. G. WOOLHAM, Assistant Commercial Secretary in Tokyo, Japan, will visit Seoul, Korea, from June 1-5.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Butler at London, Mr. Campbell at Kingston, Mr. Carson at Singapore, Mr. Dyke at Athens, Mr. Forsyth-Smith at Hong Kong, Mr. Sirrs at Caracas, Mr. Steers at Singapore, and Mr. Woolham at Tokyo.

Spain Generates More Power

Spain is tackling its serious power shortage with an ambitious program to develop more hydro-electric, thermal and nuclear power. Some \$30 million worth of equipment will be imported every year—largely from Britain and the United States.

M. T. STEWART, *Commercial Counsellor, Madrid.*

SPAIN has embarked on a vast power-development program. Big new plants are turning out over 15 billion kilowatt hours of electricity a year, easing the desperate power shortage that plagued the country until well after the end of the war. By about 1950 the program was well under way and by 1957, installed capacity of power stations in Spain totalled some 5,530 megawatts, more than 3½ times higher than in 1940.

Spain has developed a large body of efficient engineers skilled in building hydro-electric plants and a number of them have acquired additional technical training in Britain and elsewhere. On this program huge sums of foreign currency have been spent and, considering the difficulties involved in financing it, development has been quite extraordinary. It is estimated that the country will need an investment of 9,000 million pesetas a year for the next five years to pay for these power projects. Imported equipment will cost in the neighbourhood of \$30 million a year.

The following statistics of installed capacity in Spain illustrate the great progress that has been made.

Installed Capacity of Power Stations in Spain

	Hydro-electric	Thermal	Total
	(megawatts)		
1930	700	300	1,000
1940	1,160	340	1,500
1950	1,750	600	2,350
1953	3,000	900	3,900
1957	3,890	1,640	5,530

British manufacturers of power-plant equipment have been highly successful in winning orders for the generating equipment Spain requires and at least one-quarter of the machinery now in use is from the U.K. In fact, one of the first large generating plants was installed by the Barcelona Traction Company about 35 years ago and the equipment was British.

The list of hydro-electric installations is a long one and a large number are currently under construction. An outstanding project is the new hydro-electric plant at Aldeávila, designed to produce 1,800 million kw. a year; it will be the biggest hydro-electric plant in Europe. The Export-Import Bank has loaned the



This power plant at Millares, Valencia, is only one of the several hydro-electric developments constructed in Spain since the war to meet the growing energy demands in that country.

Iberduero group \$8.9 million to help buy equipment from the United States, including six generating units worth about \$42.5 million.

The following table summarizes Spain's actual and potential hydro-electric power:

Installed	3,712,000 kw.
Under construction	3,005,000 "
In project or possible installation	9,811,000 "
Total net potential power	16,510,000 "

More Thermal Stations Built

Rain falls unevenly in Spain and large sections are subject to prolonged drought. This makes hydro-electric power somewhat unreliable. Although the big hydro construction program will take several years to complete, Spain's waterpower resources are pretty well allocated and additional sources of power must be developed. Thermal power stations provide a partial

solution to the problem; several large and expensive installations have been completed and others are under construction. One is being built by the Ebro group at Barcelona and will be completed in 1960; the equipment will be supplied by two British companies. Another thermal plant with two large generating units will be constructed at the port of Huelva. Financing is being arranged with the Export-Import Bank and will cover the purchase of U.S. equipment. Thermal power stations are by no means new in Spain; the first one was installed in the Barcelona area before World War I. But the real development in thermal power has come in recent years. The newly completed Central Térmica de Escombreras (Cartagena) is the most important thermal station in the country and produces 280 thousand kw. It was financed by the Export-Import Bank and the equipment came from U.S. suppliers.

Like most countries, Spain is keenly interested in atomic energy. Its Atomic Energy Commission is

attempting to develop a body of trained technicians to keep Spain abreast of developments in atomic research in the United States and elsewhere. Groups of these technicians go to research centres to observe and study. There is an experimental reactor, supplied and installed by International General Electric, in operation at Madrid University.

Apart from the basic training program for technical personnel, the A.E.C. is studying the most suitable type of dual-purpose reactor for Spain and three study contracts have been awarded to three leading U.S. corporations. The results of these investigations will be available within a few months and a decision will probably be taken then to build a dual-purpose reactor of 20 or 30 megawatt capacity, at a cost of about \$20 million. Outside financing will be an important and probably a limiting factor in any large-scale nuclear developments in Spain. None of these is expected to materialize until at least 1962. ●

Italy Sells Tomato Products

ITALY has become one of the world's major producers of tomatoes and preserved tomato products. Perhaps less well-known is the important part that processed tomatoes play in Italo-Canadian trade.

Canada's importance as a market for Italy's preserved tomato products is clearly demonstrated by DBS statistics: tomato products made up 10 per cent in 1956 and 8 per cent in 1957 of total Italian sales to Canada. In 1957, for example, Italian exports to Canada totalled \$33 million and of this tomato pastes accounted for \$2.0 million and peeled tomatoes for just over \$500 thousand. One of Canada's largest purchasers of Italian tomato products maintains a group of experts in the Parma-Piacenza area to assure that the quality of the products purchased meets the high standard required for entry into Canada and the Italian producers' own, even stricter requirements.

Italy's tomato production has risen steadily since 1945 to 1.96 million metric tons in 1957, of which about 1.2 million were processed. Although the Italian tomato-processing industry produces some juice, ketchup, dried tomatoes and other products, canned peeled tomatoes and tomato pastes are by far the most important. Approximately 175 thousand tons of peeled tomatoes were canned in 1957, and of this 125 thousand tons (70 per cent) were exported, valued at \$22 million. That same year, about 165 thousand tons of tomato pastes were processed and 85,000 tons

(almost 50 per cent), valued at \$25 million, were exported. When it is considered that Italy's total exports of preserved fruits and vegetables in 1957 totalled about \$60 million, the dominant role played by peeled tomatoes and tomato pastes is apparent.

Although tomatoes are grown in the most sections of Italy, the Parma-Piacenza and Naples-Salerno areas are particularly well known and contain most of the tomato-processing plants. Parma and Piacenza are especially noted for their double and treble concentrated tomato pastes; Naples and Salerno are world-renowned for their canned peeled tomatoes, and also for double concentrated pastes. Sicily is the third most important tomato-producing area and boasts several processing plants, particularly around Palermo where peeled tomatoes are the leading product.

Italy's traditional markets for peeled tomatoes are the United Kingdom, which in 1957 took nearly two-thirds of total exports, and the United States which took somewhat less than one-quarter. Canada ranked third, with one-fortieth. Britain is also Italy's most important market for tomato pastes, buying over 25 per cent of total exports in 1957. In that year Canada vied with the French African territories for second place, purchasing about 8 per cent of total exports.

—J. G. IRELAND,

Assistant Commercial Secretary, Rome.

Taiwan Tackles Trading Problems

. . . as U.S. aid decreases, the need to industrialize grows, imports are controlled to save foreign exchange, and exports are encouraged. How is the Canadian exporter affected?

R. H. GAYNER, *Vice Consul and Assistant Trade Commissioner, Manila.*

OVER ten million people live on Taiwan—an island of some 13,885 square miles. Only one-third of the land is arable. To support such a large number of people (including 600 thousand men in the armed forces) in such a small space calls for industrialization and intensified agricultural output, in addition to foreign aid.

Many new industries have been established. The first Four Year Plan, concluded in 1956, was primarily aimed at industrial expansion and a 40 per cent rise in national income was achieved. Greater output of Taiwan's staple exports—rice and sugar—was also accomplished. The second Four Year Plan, begun in January 1957, has three main objectives: to increase employment opportunities; to undertake more exten-

sive exploration of natural resources, and to accelerate mining and industrial production in general.

Fighting Inflation

The need and determination to industrialize and increase exports have, however, meant inflationary pressures on Taiwan's economy. From 1955 to 1958 the money supply increased from NT\$3,412,000 to NT\$6,347,000, largely because of government borrowing to meet budget deficits. Retail price indices have risen from 119 in 1955 (basis 1952=100) to 150 in 1958. Trade deficits have varied from US\$70 to US\$90 million a year; in 1958 the figure was US\$68 million. Inflationary pressures are likely to continue in 1959, particularly as U.S. aid is expected to decrease and

TAIWAN'S PRINCIPAL IMPORTS AND EXPORTS

('000's of US\$)

Imports	1958	1957
Machinery and tools	39,217	42,673
Ores, metals and manufactures	24,377	31,755
Chemical fertilizer	19,544	25,987
Raw cotton	18,110	19,888
Wheat, flour and cereals	17,028	17,871
Crude and fuel oil	16,069	15,307
Vehicles, vessels and parts	15,497	12,869
Beans and peas	10,733	12,814
Pharmaceuticals	7,872	6,668
Chemicals	7,216	6,871
All others	57,091	59,532
Total imports	232,754	252,235
Exports		
Sugar	84,684	110,784
Rice	28,621	21,239
Canned pineapple	7,454	4,352
Tea	6,769	5,762
Bananas	6,245	3,827
Cement	4,930	
Citronella oil	3,546	3,648
Lumber and timber	3,273	849
Salt	2,426	2,300
Metals and machinery	2,221	2,194
All others	14,264	13,551
Total exports	164,433	168,506

Source: Bank of Taiwan.

TAIWAN'S TRADE WITH CANADA

('000's of Can.\$)

	Jan.-Nov.	
Exports to Canada	1958	1957
Knitted hoods and shapes	39.2	49.1
Black tea	19.6	48.3
Mandarin oranges	25.6	46.2
Canned pineapple	6.1	26.3
Plywood	29.9	
Others	13.1	22.8
Total exports	133.5	192.7
	Calendar Year	
Imports from Canada	1958	1957
Wood pulp, kraft unbleached sulphate	313.2	598.9
Electrical apparatus, n.o.p.		181.5
Dry salted sea herring	40.2	164.2
Asbestos milled fibres	31.6	123.0
Aluminum, semi-fabricated		96.4
Aluminum, manufactures, n.o.p.	.057	28.1
Malt	79.0	108.1
Whisky	67.6	47.2
Fine nickel	33.1	17.2
Pyrite		41.6
Drugs and chemicals n.o.p.	127.9	26.3
Zinc spelter	148.1	46.2
Lead in pigs, refined	85.0	25.5
Synthetic resins	69.8	23.7
Others	171.0	119.6
Total imports	1,167.0	1,648.1

imports of consumer goods decline as a result of government policy.

In April 1958 the Government introduced a series of measures designed to restrict imports still further to essential goods, raw materials and capital goods. Over 200 items were placed on the controlled import list. At the same time the Government brought in new regulations on foreign exchange with the object of promoting sales abroad by giving exporters added incentive. These regulations were reported in some detail in the June 7, 1958, issue of *Foreign Trade*. The most important change was the rise in the exchange rate of New Taiwan dollars from 26.35 to 36.08 for one U.S. dollar earned from exports.

A shortage of private venture capital has meant that Taiwan has had to borrow from the Central Bank to finance its many new industrial enterprises. Government corporations operate the island's oil refinery, sugar refineries, power plants, fertilizer plants, shipyards, copper mines, agricultural chemical plants, steel mills, aluminum mills, and coal mines, as well as other operations.

Central Trust Is Large Buyer

The Central Trust of China acts as a central buying office for these government-owned industries and because most of Taiwan's imports consist of raw materials and capital goods, the result is that the majority of imports are handled by the Trust. Copies of invitations to bid from the Central Trust are forwarded to Ottawa and Canadian businessmen interested in the Taiwan market can write to the Department of Trade and Commerce about them. A recent ruling states that all bids for the Central Trust must come from branches of foreign companies or their agents located in Taiwan.

Names of suitable agents can be obtained from the Manila office of the Trade Commissioner Service, which recently took over responsibility for the Taiwan area from the Hong Kong office.

Foreign Trade Decreases

Taiwan's foreign trade decreased in volume in 1958 compared with the record 1957 levels. Tightened government restrictions on imports and smaller U.S. aid cut purchases abroad by US\$19.4 million.

The fall in the value of Taiwan's exports resulted chiefly from a drop in world sugar prices. In 1958 sugar accounted for 51.5 per cent of all Taiwan's exports and in 1957 for 65.7 per cent. However, the value of exports excluding sugar increased from US\$57,722,000 in 1957 to US\$79,749,000 in 1958. It is obvious that, despite the degree of success achieved in the two Four Year Plans, Taiwan's economic health still depends greatly on world prices for sugar and on U.S. aid.

Taiwan's largest trading partner is Japan: over 50 per cent of her exports go to and half her imports come from that country.

Trade with Canada

Canada is not a large buyer of Taiwanese exports and purchases consist mainly of food products—tea, mandarin oranges and canned pineapple. We have begun importing lauan and narra plywood from Taiwan but it is too early to say to what extent this trade will develop.

Canadian exports to Taiwan are indicative of Taiwan's need for raw materials. Base metals will continue to be an important Canadian export to Taiwan and so will wood pulp, synthetic resins, and asbestos. Further developments in Taiwan's fertilizer and chemical industry should mean markets for Canadian pyrites and sulphur. Our processed foods may be harder to sell there in the near future because of restrictions on imports of these commodities.

The best way for a Canadian exporter to enter the Taiwan market is to obtain an agent in Taiwan who can forward copies of invitations to bid from the Central Trust, which does most of the importing into Taiwan. ●



Industrial expansion has received emphasis in Taiwan since 1952, partly to provide jobs and also to cut down imports. Aluminum letter-boxes, made in Taiwan, are sold in the home market.



The South Buys Seed Potatoes

On a recent tour of five southern states, the author interviewed seed-potato buyers about sources, varieties and buying habits—and asked for comments on Canadian supplies.

W. C. HOPPER, *Minister (Commercial), Washington.*

CERTIFIED seed potatoes have become an important commodity in Canada's export trade with the United States. In fact, last year the U.S. took more of Canada's seed potatoes than any of the other 16 countries to which shipments were made—1,410,000 cwt. valued at about \$3.27 million, out of total exports of 2,125,000 cwt. worth about \$5.15 million.

Sources and Varieties

Most of the seed potatoes going to the United States are grown in the provinces of Prince Edward Island and New Brunswick, with smaller quantities drawn from British Columbia, Manitoba, Ontario, Nova Scotia and Alberta.

Prince Edward Island growers supply the major part of the seed potatoes purchased by brokers and dealers in the states of Virginia, North and South Carolina, Georgia and Florida. A recent visit to these states revealed that commercial growers there prefer white-skin seed potatoes from Canada above those from other sources of supply.

Sebago is the variety in greatest demand by most of the commercial growers in these states because it is not only a desirable table potato but also has qualities that make it well suited to the manufacture of potato chips. Canadian conditions apparently are particularly favourable for the production of Sebago seed.

Other varieties of white-skin potatoes exported to these five south Atlantic states are Irish Cobbler and Katahdin. In southern Florida, red-skin potatoes are more popular than the white skin.

Buying Habits

Most of the growers in the states that I visited who produce potatoes in commercial quantities obtain their seed from dealers and brokers. Generally, those who grow potatoes for family consumption and not for sale in these five states prefer red-skin potatoes. Most of them have vegetable gardens and buy the seed potatoes they require at retail stores. For these growers, Red Pontiac is the popular variety. Most of the Red Pontiac seed used in this part of the South comes from other than Canadian sources.

The brokers and dealers whom I interviewed were almost unanimous in expressing their satisfaction with the certified seed potatoes obtained from Canada. Only a small proportion had any complaints. A few suggested some improvement in the grading and one or two recommended changes in packaging and shipping arrangements.

Canadian shippers of seed potatoes from the Atlantic Provinces have the advantage of lower costs of transportation by ocean vessels to the south Atlantic states as compared with seed-potato shippers in other areas. In addition, the experience of many years has shown that the potato crops obtained from certified seed produced in Canada are of the kind and quality that both consumers and potato processors desire.

Market Should Be Watched

It is most important that growers and shippers of Canadian seed potatoes continue to recognize the importance of the United States market and continue to maintain, and where possible improve, the quality of the seed and give special attention to the proper grading. They should spare no effort to see that the shipping and financing arrangements are acceptable to U.S. buyers. When they receive complaints, they should always attend to these promptly. Periodic personal contacts with U.S. buyers would be helpful. Canadian growers of seed potatoes must be on the alert to learn about and make trials with new varieties that may be superior to those now being grown.

The population of the south Atlantic states is increasing and these states should continue to be an excellent market for Canadian certified seed potatoes for many years—if quality, packaging, shipping and pricing of the seed prove satisfactory to buyers in these areas. ●



Businessman's Bookshelf

Exporting to the United States

U.S. Treasury Department, Bureau of Customs. 80 pages. 50 cents.

THE U.S. Bureau of Customs has issued a revision of its 1950 booklet advising exporters of procedures involved in entering goods into the United States. The new booklet discusses requirements for customs invoicing, marks of origin on imported goods, labelling, etc., and outlines briefly the United States law on such matters as appraisement, anti-dumping duty, and countervailing duty. It also gives useful information on customs collection districts, headquarters ports, international airports, and ports of entry at the border.

Order from: U.S. Government Printing Office, Washington 25, D.C.

Tanganyika

Department of Public Relations, Dar es Salaam. 28 pages. Free.

THIS little book provides a most attractive introduction to the Tanganyika territory. Written for the general reader, it contains sections on the area's geography, history, people, traditions and culture, resources, trade, industry and communications, social services and government.

Less than half of it is text, for it includes 80 photographs, 14 of them in colour. It is, of course, brief, and seems intended mainly for the tourist. The exporter will find it readable but not technically useful.

Order from: Department of Public Relations, Dar es Salaam, Tanganyika.

The Trade Agreements Act: United States Trade Policy in a Changing World Economy

U.S. Council of the International Chamber of Commerce. 64 pages. \$1.00.

THE Commercial Policy Committee of the U.S. Council of the International Chamber of Commerce has prepared this brochure describing the history of the United States Trade Agreements Act from its original

enactment in 1934 to its latest (and longest) renewal last year. For students of United States commercial policy, this report is of particular interest because of its description of the tariff-lowering and tariff-raising powers, peril-point and escape-clause provisions, and the national security amendment in the current legislation—the Trade Agreements Extension Act of 1958.

Order from: U.S. Council, International Chamber of Commerce, 103 Park Avenue, New York 17, N.Y.

The Uniting of Europe

By Ernest B. Haas. 552 pages. \$8.00.

ESTABLISHED in 1953, the European Coal and Steel Community (ECSC) has had five years of varied experiences. One purpose of this study is to describe these in light of its original aims. Indeed one of the interesting findings is that, as unanticipated problems arose, solutions were adopted that changed somewhat the very nature of this body. For example, despite the heavy emphasis on free enterprise, the officials have been compelled to impose price controls and offer subsidies. Whether such deviations are limited to the period of transition or whether they will become permanent at the insistence of certain national interests is still a matter for speculation.

Businessmen will find chapter three in particular of interest and value. It gives a concise description and evaluation of the price, investment and labour policies of this integrated economic community. Some indication of the size and industrial potential of this six-nation market is offered, plus additional information that might be useful to the Canadian exporter. Although coal and steel are at present the only two commodities directly integrated, there has been a positive movement toward greater general economic unity. This became a reality with the creation of Euratom and the European Economic Community in 1957. Thus, the experiences of ECSC should be valuable to businessmen in areas other than steel and coal.

Another purpose of this book, and a more important one perhaps, involves the political scientist. Professor Haas' analysis of ECSC is only a means to an end and not an end in itself, though it is informative. His prime function is to draw generalizations from this

specific example applicable to supra-national organizations in general. His major emphasis is on the effects of economic and political integration on the independent national units contained.

Governments, political parties, trade associations, and trade unions are studied individually and in general he deduces that sector integration tends to result in some political and ideological integration. This is called the "spill-over" effect and is demonstrated by further institutional integration and supra-national formation of interest groups, such as multi-nation trade associations and union internationals.

Order from: Stanford University Press, Palo Alto, California.

Commerce and Industry in Kenya, 1958

Government of Kenya. 90 pages. Free.

THIS report by the Minister of Commerce and Industry, Government of Kenya, is aimed essentially at the potential overseas investor. It is readable and contains a goodly amount of information on natural resources, communications, commercial and industrial organization, legislation, industrial development, and employment and labour in Kenya, as well on the financial and other aspects of the economy. The 23 appendices contain statistical material of various kinds.

The booklet provides an interesting introduction to the colony from the point of view of industrial development. It is not comprehensive enough, however, to serve as a reference work and is too general for a market survey. Trade information such as the exporter needs is lacking, although the investor seeking industrial opportunities will find it helpful.

Order from: Crown Agents' Representative, 1800 K Street N.W., Washington 6, D.C.

International Trade Arbitration: A Road to World-wide Co-operation

Edited by Martin Domke. 311 pages. \$4.50.

THE problem of achieving a fair and prompt settlement of commercial disputes in international trade is the subject of this book published by the American Arbitration Association. Trade between separate political entities lacks a common legal framework and without universal law, it is necessary to get disputing members to consent to some form of arbitration.

This book reviews the attempts which have been made to establish arbitration procedures and the success achieved. Included in this series of contributions by lawyers, economists and businessmen is the timely topic of state trading and its effect on arbitration procedures. The economic aspects, the role of treaties, the movement toward a uniform law and procedures

for settling disputes are viewed by these experts from the United States and a number of European countries. The book also includes a valuable bibliography and appendix.

Order from: American Arbitration Association, 477 Madison Avenue, New York, N.Y.

Atlas of Belgium

National Board of Geography. 31 maps plus commentaries. \$39.30.

AN *Atlas of Belgium* is currently being published, section by section, by the National Board of Geography, Belgium. The work will contain eventually about sixty maps, divided into series of four to eight sheets. Each map measures approximately 18 by 24 inches and is accompanied by a description and explanation in both French and Dutch.

The first five classifications, made up of 31 maps with commentaries, cover the physical geography of Belgium; climate, annual and monthly averages; density and movement of population; forests; agriculture and industries. The price for the five is 2,000 Belgian francs (Can.\$39.30) or individual maps, 75 francs a sheet. The 75-franc price does not include the commentary for which an additional charge is made, ranging from 5 francs (Can.\$0.09) to 95 francs (Can.\$1.84), depending upon the map ordered.

Order or inquiry: Atlas of Belgium, Berensheide 76, Watermael, Brussels, Belgium.

Main Species of Timber in the Belgian Congo

By "INFORCONGO". 80 pages. 35 francs (approximately 60 cents).

CANADIAN lumber importers and dealers and students of forestry too will find that this booklet, written in French and published by the Information Office of the Belgian Congo, reviews in an interesting way the various types of Congolese trees felled for domestic use and export. It describes the importance of the Congolese forests and the various factors affecting them, indicates the various types of trees, and the technical characteristics of the woods they produce.

The economic aspects of Congolese forestry are well presented in the third section, where statistics tell the story. There are comparative tables of lumber production by provinces, exports by country of destination, and a classified index of trees according to their characteristics. Some information is included on export duty rates and on conditions governing the issue of certificates of quality.

Order from: INFORCONGO, 3 rue Montoyer, Brussels, Belgium.

Cotton Is No Longer King

But Britain's cotton industry faces its difficult future resourcefully. Integration, new methods, research and better training have helped overcome loss of foreign markets and domestic competition from imports and artificial fibres.

A. W. EVANS, *Trade Commissioner, Liverpool.*

RADICAL changes have come to the British cotton industry since 1913, its peak year. At that time, exports alone totalled 7,000 million square yards of cloth and the industry controlled two-thirds of the world's trade in cotton goods. Today, its labour force has shrunk from 700 thousand in 1913 to under 250 thousand now, and its exports of cloth, including synthetics and blends, are running at an annual rate (based on 1958 figures) of 515 million square yards. Of this quantity, an estimated 145 million square yards represents re-exports. Total production last year reached only a little over 2,000 million square yards. These figures contrast sharply with average exports in the years 1950-53 of 965 million square yards out of a total output of 2,775 million square yards, produced by 370,000 people.

The cause of this drastic decline is not hard to find. Many former customers as they developed industrially have not only established their own cotton industries (most of them behind an almost impenetrable wall of tariffs and quotas) but they even compete with the United Kingdom for its own tariff-free domestic market.

Although the cotton industry is much smaller than it was in its heyday, it is still big business. Besides employing 250 thousand people, it is the mainstay of many ancillary industries and is still the economic backbone of Lancashire, where the spinning, weaving and finishing of cotton is centred. Now synthetics and blends have been added to the industry's repertoire. About 90 per cent of the work is done in Lancashire and the fringes of surrounding counties; the remaining 10 per cent is spread widely throughout southwest Scotland, the Midlands and Northern Ireland.

Integration Helps

The structure of the cotton industry continues to be primarily horizontal, with the main functions of spinning, finishing, weaving and merchandising carried out by separate sections. The need for some co-operation on matters of general interest has finally been met by the establishment of the Cotton Board, with four members each from labour and management and three independents (including the chairman).

The individual units are small compared with many other British industries; a great number employ no more than 200 to 300 people. Nevertheless, their size is well within the limit necessary for technical efficiency. A high degree of specialization distinguishes the spinning and finishing sections, but this does not apply to weaving. However, in the past few years, considerable concentration has taken place: by 1956 many small firms had closed down and others had merged with larger companies. The five biggest spinning combines controlled in that year 39 per cent of the spindles, and the five largest finishing combines employed one-third of the workers in that section. The trend to concentrate was visible, but less well marked, in weaving. The 43 largest of nearly 1,800 merchant converters accounted in 1955 for 43 per cent of the total trade.

More recently, a strong tendency towards vertical integration has become apparent. It is estimated that about 20 per cent of all spindles are engaged in spinning and weaving operations, taking in about 27 per cent of all looms. Integration of weaving and converting has also been expanding steadily in recent years, and some firms have extended their activities to include making-up and retail distribution. All this has had the effect of producing a more compact and well-knit industry, better suited to modern trading conditions.

New Techniques Adopted

These alterations in the structure of the industry have been accompanied by changes in internal organization and technique. Since the war, well over £150 million has been invested to modernize plant and machinery, and many of the older buildings have had their interiors altered beyond recognition. Processes and layout have been streamlined, new methods of working introduced, and the latest developments in work study, quality and production control, training of operatives, and research applied. A single shift of 45 hours per week is customary; only a minor part of the industry runs on more than one shift. However, there is a trend towards more shift working. This poses a problem in an industry where women form a large portion of the labour force; for them the practical maximum for a double day-shift in Britain is only 38½

hours. This means a 16 per cent premium in wage costs and makes the economic advantages of shift working only marginal. But a strong case can be made out for it where new machinery is used.

The cotton industry has been quick to adapt itself to the new man-made fibres, and much of the basic research and development has been done in its mills. Terylene was a Lancashire discovery, and many of the other artificial fibres, such as rayon and nylon, are used by the industry. Existing machinery has been readily adapted to these new products, which after production still have to go through many of the processes traditional to cotton.

Research and Training Pushed

New methods and fibres create fresh technological problems. The U.K. industry has met the challenge vigorously, and the work of the British Cotton Industrial Research Association has received recognition throughout the world. It has a staff of over 400 engaged in fundamental and applied research and it co-operates closely with the British Rayon Research Association. The technical colleges have excellent syllabuses to provide a broad background for those interested in textile technology. In addition, the productivity centre of the Cotton Board offers courses of training in work study, quality control, costing, operative training, foremanship and mill administration. The industry has established a scholarship scheme that offers over 70 scholarships at universities and major technical colleges to students intending to make the cotton industry their career. The Federation of Master Cotton Spinners Associations has introduced a comprehensive training scheme for staff in cotton spinning and doubling, and a growing number of firms are adopting systematic training at all levels.

The diversity of products in which cotton is used goes far beyond the usual clothing, domestic textiles and furnishings. These uses, although they are important, are only part of a much longer list that includes typewriter ribbons, tracing cloths, food wrappings, electrical insulation, mailbags, fishing nets, and ropes.

Future Hopeful

The past few years have been difficult ones for Britain's cotton industry. It has had to face rapid technological change, the development of man-made artificial fibres, and competition at home from former customers, which it is trying to limit by voluntary agreements. In meeting these challenges it has become a small, better integrated and stronger industry. Efforts to induce competitors to limit their sales to the United Kingdom market have met with some success. In addition, research, better training of executives and employees, and energetic salesmanship are helping the industry to face the future, if not with equanimity, at least with hope. ●

APRIL 25, 1959

Australia Irrigates Inland Plains

FINDING enough water for crops and livestock is a major problem in Australia; a large part of the country has an annual rainfall of less than ten inches. Regions of heavy rainfall are concentrated in the tropical north, the mountains of the east and southeast, the southwest, and in Tasmania. However, there is fertile soil in the inland plains west of the eastern coastal ranges. The benefits of irrigation were recognized as early as 70 years ago in the valley of the Murray River. Since then, schemes (mostly in the south-east) have multiplied, until during the past decade from 1.3 million to 2.0 million acres have been under irrigated cultivation. (The fluctuation is due to seasonal variations in the runoff from snow in the mountains.)

The postwar period has seen a sharp rise in the rate of construction of reservoirs, particularly in the Murray-Darling irrigation system. Chief among these is the Eildon reservoir on the Goulburn River that has a capacity of 2.75 million acre-feet. The Adaminaby reservoir and two others of the Snowy Mountains scheme will ultimately store 3.5 million acre-feet, the Hume 2.0 million acre-feet, and the reservoir on the Darling and its tributaries more than 3.5 million acre-feet. Outside this system, reservoirs have been or are being constructed on Victoria's coastal streams, on the Hunter River in New South Wales, on the Burdekin, and on other coastal rivers in Queensland. Recently, a reservoir was opened at Tinaroo Falls on the elevated hinterland behind Cairns.

In 1957-58 about 2.0 million acres were irrigated; pastures accounted for 1.3 million. Of the land under pasture, 63 per cent was in Victoria and most of the remainder in New South Wales. In addition, 169,300 acres of orchards and vineyards were irrigated, 87,400 acres of vegetables, 70,000 of sugar cane, 46,800 of rice and 1,400 of hops.

Although opportunities for future development of large water storages are limited, it is expected that demand for irrigation will continue. Some use undoubtedly will be made of underground supplies, but government investigations are directed mainly toward greater efficiency in the use of surface water. Research includes studies on irrigation, soil preservation and reclamation, horticulture, plant nutrients, vegetable varieties, dried fruits, plant physiology and entomology. Work also is being done on techniques for collecting and storing rainwater, including new methods of controlling evaporation and seepage.

—T. G. MAJOR,

Commercial Counsellor, Melbourne.

A Business Review

Last year brought general improvement in business conditions: Kenya pared down her adverse trade balance; Tanganyika boosted exports; Uganda harvested record coffee, sugar and tea crops. Canada's prospects for increased sales depend on whether dollar import restrictions are eased.

L. S. GLASS, *Trade Commissioner, Salisbury.*

Kenya

BECAUSE it is almost entirely an agricultural country, Kenya is particularly sensitive to world market prices. However, during the first ten months of 1958 the value of its exports rose by more than £3 million to £24 million, compared with £21 million in the same period of 1957. Coffee is the most important export and accounted for about 35 per cent of Kenya's income from sales abroad during this period.

The colony's trade balance continues to be adverse, though imports dropped sharply from £60 million in the first ten months of 1957 to £49 million in the same period of 1958. The detailed figures show that trade between Kenya and Japan is expanding; imports from that country up to November last year totalled some £2.9 million, an increase of £737 thousand over the previous year.

Kenya is undertaking a drive for tourists and the first lot of 100 arrived from Switzerland at the beginning of 1959. These "package" tours, £300 per person for a 17-day visit, are being widely advertised and should bring in considerable additional revenue. New highways under construction should make the tours more pleasant.

Crops on the whole have been very satisfactory. The 1958/59 wheat crop is estimated at a million bags of 200 lb. and of these, some 26,000 had been delivered by the end of December. The barley crop is estimated at 161 thousand bags (an excellent yield) and only 500 bags of the 1957/58 crop are still unsold. Tea production climbed from just over 22 million lb. in 1957 to 25.2 million in 1958. Sales of pyrethrum fell slightly but shipments to the United States and the Far East are holding up well; a number of other countries have placed substantial orders.

The local stock exchange opened the new year briskly, with improved turnover and a general but modest increase in prices.

Tanganyika

BUSINESS in general was very quiet at the beginning of the year because Africans reap few seasonal crops and the cash they have on hand is largely consumed by licence and tax payments. However, this is but a passing phase and conditions seem to be satisfactory.

Exports up to the end of October last year were valued at about £32 million, compared with £30 million for the same period of 1957. Imports, on the other hand, dropped from £33 million in the first ten months of 1957 to £28 million in 1958.

Prices for coffee, particularly of the Robusta type, have fallen and the wheat crop is patchy because of drought in the northern province. Last year's cotton crop, however, was good; it totalled 153 thousand bales and by January 10, 1959, all of it had been sold. The 1959 crop promises to be a bumper one (1,000 tons more seed have been distributed) and it is estimated that production will reach about 175 thousand bales.

Tanganyika also boasts a fair showing of minerals, and exports diamonds, gold, lead concentrates, sheet mica, refined silver and tin concentrates. With the exception of silver, which fell off slightly, there has been an increase in sales abroad of all of these. The value of diamond exports rose from just over £3 million in the period January to November 1957 to just under £4 million in the same period of 1958. Gold and lead concentrates were the other important minerals last year and the figures for January-November were £640 thousand and £884 thousand respectively.

Uganda

AN interesting report just received from Uganda indicates that total earnings of the Protectorate in 1957 were estimated at £122.4 million, an increase of £5.3 million over the previous year. The report also indicates that African earnings totalled £58 million in 1957, an increase of £20 million since 1952.



The daisy-like flowers of the pyrethrum plant, grown in Kenya since 1928, produce the oldest insecticide known to man. The colony sells large amounts both to the U.S. and the Far East.

Business in general in Uganda has been fairly good but the drop in world prices of its principal exports—cotton and Robusta coffee—may cause some hardship. The Government has taken note of this and, anticipating the possible serious effects on its capital budget, has announced that it will neither take additional staff into the civil service nor fill existing vacancies.

The estimates for the 1958/59 crop of Robusta coffee indicate that a record 75,000 tons is likely; the highest previous crop was just over 64,000. As a result of sharp declines in prices, buyers are withholding bids in anticipation of further decreases.

The sugar industry continues healthy and in 1958, 80,889 tons were produced. Despite this record figure, stocks at January 1, 1959, totalled only six weeks' supply at the present rate of consumption. There has also been an all-time record output of tea, at 8.3 million lb. Another industry doing well is mining, which reports an increase in copper production. In 1958, output of blister copper reached 10,915 tons with a total value of £2.1 million, considerably higher than the £1.5 million obtained in 1957.

Local trading conditions have improved, though the latest overseas trade figures show that Uganda merchants have continued their guarded policy of short-term purchasing from Kenya importers in place of direct imports from overseas. Imports from all sources in the first ten months of 1958 were valued at £21.6 million, compared with £22.9 million in the same period of 1957. Exports fell too—from £39.9 million in January-October 1957 to £38.7 million during the same months of 1958.

Canada's Rôle as Trader

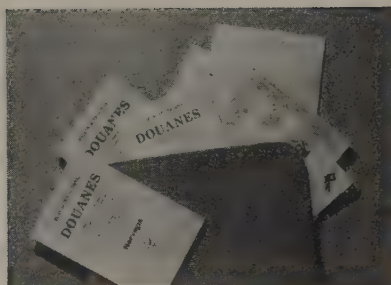
How did Canada fare in trade with these countries? The value of our exports fell in 1958 to \$541,247 compared with \$787,582 in 1957. This can be accounted for almost entirely by the absence of sales to this market of primary aluminum, worth over \$335 thousand in 1957. However, other Canadian goods did well last year, mainly automobile parts, aircraft and aircraft parts, and mining machinery and parts. The value of exports of mowing machines and reapers, on the other hand, declined from \$91,661 in 1957 to \$65,663 in 1958.

Canadian imports from British East Africa, worth about \$4 million for the first nine months of 1958, have remained virtually unchanged from the same period of the previous year. Our principal purchases are green coffee, valued at some \$2.7 million, black tea \$919 thousand, and sisal \$213 thousand.

The over-all prospect for Canadian goods in these countries at present is not too promising in view of severe restrictions on imports of goods from dollar countries. However, as noted in the March 28 issue of *Foreign Trade*, colonies that have not already done so may relax their dollar import controls in the near future. This could make British East Africa an important new customer for many Canadian suppliers. ●

Argentine Airline Buys "Beavers"

A new rural airline in Argentina, the Aerochaco Lineas Aereas Chaqueñas, will begin operating in August with two Canadian-made "Beavers". The new line will serve seven communities in the province of Chaco and make travel in the area much simpler. Surface transportation in Chaco ranges from fair to poor: in the rainy season many roads are impassable and during the summer months, intense heat and dust make road travel extremely unpleasant. The "Beaver" was chosen because of its low operating cost, short takeoff and landing features, and cargo-carrying capacity. It will pare an uncomfortable ten-hour bus trip down to a 1½ hour flight, at only about double the bus fare.



Trade and Tariff Regulations

Australia

CUSTOMS TARIFF SIMPLIFIED—The Australian Federal Government has decided to simplify the customs tariff by adopting the International Brussels Tariff wording and definitions. This will bring the Australian system into line with the tariffs of most other trading countries. The Government will make no major changes in the rates of duty, and in fact no minor changes will be made without reference to the Tariff Board. It is hoped that the new tariff will be introduced by July 1, 1959—Sydney.

TARIFF BOARD INQUIRIES—The Australian Minister for Trade and Customs recently referred to the Tariff Board for inquiry and report the question of whether assistance should be given to the production, through tariff action or otherwise, of the following goods:

Carpenters' planes—items 219(C)(2) and 303(A)
Copper sulphate—item 283

Testing, indicating, controlling or measuring devices—items 179(C), 180(F), 180(L)(2), 181(A)(1)(b) and 181(A)(1)(c)

Oil or spirit heating lamps—items 206(C) and 208(A)(2)

Clocks and watches and movements therefor—items 318(A)(2), 318(A)(3), 318(A)(4), 318(B)(1) and 318(B)(3).

Canadian firms exporting these products to Australia may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is to have their Australian agents act on their behalf. Action should be taken as soon as possible because tariff inquiries normally begin soon after they are announced.

Rates of duty on these products may be obtained from the International Trade Relations Branch.

IMPORT CONTROLS—The Australian Minister for Trade recently announced that, effective April 1, 1959, some 330 additional items have been made subject to global licensing. This represents a further important step towards the removal of discriminatory import controls.

With this latest move, approximately 70 per cent of Australia's imports are now free of discrimination. Canadian goods, which made up about 60 per cent of

Canada's total sales to Australia in 1958, will now receive the more liberal treatment previously accorded to goods from non-dollar countries.

Items of particular interest to Canada on which discrimination has been removed include:

- Agricultural machinery, replacement parts and components.
- A wide range of industrial equipment.
- Abrasive cloths and abrasive raw materials.
- Aircraft and parts.
- Parts for television tubes.
- Locomotives and rolling stock.
- Industrial solvents.
- Cellulose wadding.
- Linseed cake and oils.
- Synthetic sausage casings.
- Iron and steel, including special steels.
- Primary copper and products.
- Typewriters and office machinery.
- Tractors and parts.
- Products for paint manufacturers.
- Match splints.
- Tires and tubes.
- Printing papers containing more than 25 per cent mechanical pulp.
- Cellulose film.
- Synthetic resins.
- Thermostats.
- Scientific instruments.
- Papermakers' felts and wires.

Detailed information concerning the licensing treatment accorded to specific commodities may be obtained from the International Trade Relations Branch.

India

IMPORT CONTROLS—A cable just received from the Commercial Counsellor in New Delhi advises that the Ministry of Commerce and Industry for India has announced its import trade control policy for the licensing period April 1 to September 30, 1959.

The current severe restrictions on imports of non-essential goods are unaltered. There have been numerous small adjustments of quotas but few are of importance to Canada.

Perhaps the most significant feature under the new system is the decision to issue licences for certain industrial raw materials and components which will be valid for nine months to a year. The purpose of this type of licence is to enable large-scale industries to plan purchases in advance at favourable prices.

Quotas for established importers have been increased on some 53 items, including zinc, copper and asbestos manufactures. The quota for calcium carbide has been reduced.

Among the new items for which applications from actual users will be considered are stainless steel wire netting for sugar industries, copper sheets and tubes, and brass rods and tubes.

Imports of newsprint have been liberalized to the extent that the 15 per cent reduction enforced last year has been modified to 10 per cent for the current licensing period.

Quota licences for certain items including copper and zinc are subject to the condition that these commodities will be resold under the direction of the Ministry of Commerce and Industries at prices not exceeding, in the case of copper and zinc, 3½ per cent over the landed cost.

Further details regarding the licensing treatment accorded to specific items may be obtained from the International Trade Relations Branch of the Department.

New Zealand

IMPORT LICENCES FOR INDUSTRIAL MACHINERY—Since much of the industrial machinery imported into New Zealand is custom built, the expiry of import licences before the arrival of machinery covered by them has occasionally been a problem.

The Department of Industries and Commerce has announced that if the import of plant and machinery in a future licensing period (i.e., in the following year) is approved in principle, the Customs Department gives an assurance thereby that the required import licence will be granted when needed—Wellington.

Peru

CUSTOMS DUTIES AND TAXES INCREASED—Effective April 8, the Peruvian Government imposed additional customs duties of 25 per cent ad valorem on certain imports considered as non-essential or luxuries, among which were furs and perfumes. At the same time, a new internal ad valorem tax has been levied on certain other products, including refrigerators, washing machines, radios and television receivers, which will also apply to such imports from all countries.

Details on the specific products affected by these measures may be obtained from the International Trade Relations Branch of the Department.

United States

CANADIAN COAL EXEMPTED FROM IMPORT TAX—According to Treasury Decision 54,816 of March 26, 1959, coal, coke made from coal, and coal

or coke briquettes imported into the United States from Canada and entered for consumption or withdrawn from warehouse for consumption during the period from January 1 to December 31, 1959, inclusive, will not be subject to the tax of ten cents per 100 pounds prescribed in Section 4,531 of the Internal Revenue Code of 1954.

Canada has always been exempted from this tax by virtue of Section 4,532 of the Internal Revenue Code which provides that the tax will not be collected on imports from a country which in the previous year imported more coal from the United States than the United States imported from it.

INVESTIGATION OF IMPORTS BY OCDM—The national security clause of the U.S. Trade Agreements Act provides that whenever the Director of the Office of Civil and Defense Mobilization and the President find that any article is being imported into the United States in such quantities as to threaten to impair the national security, the President shall take such action, and for such time, as he deems necessary to adjust the imports of such article so that they will not threaten to impair the national security.

In last year's extension of the Trade Agreements Act a section was incorporated requiring the Director of the Office of Civil and Defense Mobilization to submit to Congress by February 1, 1959, a report on the administration of the national security provisions of the Trade Agreements Act. In his report, the Director advised that imports of the following products were being investigated: dental burrs, heavy electrical power equipment, cobalt, tungsten and fluorspar. Since the report was submitted, imports of wool knit gloves have also been placed under investigation.

TARIFF COMMISSION WILL INVESTIGATE MINK SKINS—Upon application of the National Board of Fur Farm Organizations, Inc., Milwaukee, Wisconsin, received March 19, 1959, the United States Tariff Commission, on March 25, 1959, under the authority of section seven of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether dressed mink skins provided for in paragraph 1,519(a) of the Tariff Act of 1930 and undressed mink skins provided for in paragraph 1,681 of the Tariff Act of 1930 are, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry or industries producing like or directly competitive products.

A public hearing will begin at 10 a.m., e.d.s.t., on June 23, 1959, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Those who wish to attend should write the Secretary of the Commission at least three days in advance of the hearing.



Australia

INVESTMENT OPPORTUNITIES—A survey of investment opportunities in Victoria is to be undertaken in the near future by two economists from the Stanford Research Institute in California and four Australian economists. The group will study Victoria's physical, human and capital resources; technology and production methods; marketing procedures, and the industrial climate. Goal of the project will be to consider the investment outlook for the next five years and to identify specific industrial opportunities for overseas investors. Factors contributing to Victoria's attractiveness are said to be a stable government, substantial natural resources, energetic and intelligent labour, and a national market of high purchasing power and growth potential—Melbourne.

Belgium

INVESTMENT IN CANADA—Because of the loss of assets in China and the difficulty of expansion elsewhere in this area, the Crédit Foncier d'Extrême-Orient, a Belgian company, has decided to expand operations by transferring its assets (including a minority holding in Canada) to a new company to be known as Crédit Foncier International. It will have a total capital of fr.70 million. Plans also call for major participation in a proposed new Canadian real estate and mortgage company—Brussels.

Brazil

WORLD BANK LOAN—The International Bank for Reconstruction and Development has granted Brazil a \$75 million loan to assist in building the 1.1 million kw. power plant at Furnas on the Rio Grande in southwest Minas Gerais. The loan is the largest ever

Undressed mink skins provided for in U.S. tariff paragraph 1,681 are currently duty-free. Dressed mink skins provided for in tariff paragraph 1,519(a) are dutiable at 10 per cent ad valorem if they are dyed, or 7½ per cent ad valorem if they are not dyed.

General Notes

granted for a single project. It is repayable over a period of 25 years, bearing interest at 5.75 per cent, and the first payment is due in 1964. The Furnas project is one of the biggest hydro-electric developments in Latin America and will help meet increasing demands for power in the growing industries of south-central Brazil, including the cities of São Paulo, Rio de Janeiro, and Belo Horizonte. The first stage of the project will be completed in 1962 and will develop some 400 thousand kw. The remainder of the project is expected to be completed by 1965 and will increase power supplies by 50 per cent—Rio de Janeiro.

Ceylon

WATER RESOURCES EXAMINED—Preliminary investigations of the Mahaveli Ganga River Basin are now under way following an agreement between the Governments of Ceylon and the United States. A team of American engineers and staff of the local Irrigation Department are now undertaking a complete survey and field investigation to determine the long-range water and power potential of the area—Colombo.

Iran

MINERAL ORES ABUNDANT—Nearly every known mineral is found in Iran; deposits are generally small but rich. Output includes coal (156,000 tons), chromite (40,000 tons), copper (11,500 tons), ferrous oxide (10,000 tons), lead (19,000 tons), manganese (17,000 tons), and salt (262,000 tons). Small quantities of the following minerals are also mined: antimony, arsenic, bauxite, chalk, cobalt, graphite, gypsum, kaolin, limestone, magnesium, marble, meer-

schaum, mica, quartz, silica, sulphur, talc, tungsten and turquoise. The chief exports are lead and chromite ores. Most chromite exports go to German steelmakers and Russia is the major buyer of lead.

Lack of access roads retards the development of mining. As yet, there is no comprehensive geological survey, although the National Iranian Oil Company has assembled fairly complete information on likely oil-exploration regions and mine-owners have commissioned foreign consultants to investigate individual areas. Foreign capital and technical experience as well as government encouragement are needed—Tehran.

Netherlands

TEA AUCTIONS MOVED—The marketing centre for Indonesian tea is being moved from Amsterdam to Antwerp, Belgium. The contract, initialled in Djakarta on February 4 by the Indonesian Administration Office, was let to the Antwerp firm of Socomabel. The first public tea auctions are to be held near the end of April or early in May.

According to Socomabel, other important markets for Indonesian products—including rubber, coffee, palm oil and palm kernels—may also be transferred to Antwerp from Amsterdam. And a Dutch Foreign Ministry spokesman has announced that the tobacco market may be moved from Amsterdam to West Germany—The Hague.

New Zealand

HEAVY INDUSTRIES SOUGHT—Although New Zealand's North Island has been short of power, the country as a whole has developed only a trifling percentage of its hydro-electric resources. The establishment of electrochemical industries—such as calcium carbide, phosphorus and concentrated fertilizers—has been suggested in the South Island and the Commonwealth Aluminium Company of Australia is reported to be considering setting up a bauxite industry there to take advantage of its hydro-electric potential. The company has sent a geologist to explore sources of power and to determine whether a bauxite industry is feasible—Wellington.

Peru

FOREIGN TRADE BALANCE—Under the impact of a nearly 30 per cent currency depreciation, higher duties and a general business slowdown, imports in 1958 fell by US\$64.8 million (16 per cent).

Declining world market prices for Peru's exportable commodities (minerals, cotton, sugar, coal, coffee, and others) and difficulties in finding buyers resulted in a US\$40 million (12 per cent) drop in export earnings. Mainly because of a heavy decline in iron ore shipments, the volume of exports fell by 26 per cent.

An adverse trade balance of US\$70.1 million in 1957 was narrowed to US\$45.3 million last year. It should also be noted that an estimated US\$49.7 million of total imports was made up of capital investment items—Lima.

NEW ZEALAND-PERU TRADE—The New Zealand Government is reported to be interested in developing trade with Peru and, particularly, in exporting to that country dairy products and meat. A direct freight service was recently inaugurated between New Zealand and the Peruvian ports of Callao and Mollendo, and representatives of New Zealand firms are expected to visit Peru in the near future—Lima.

Singapore

COMMERCIAL BROADCASTING—The target date for the introduction of a commercial broadcasting service in Singapore is January 1, 1960; it will have medium and short-wave transmissions. If this service proves successful, a second commercial one is to be opened in 1961—Singapore.

Sweden

LIBERIAN HOTEL PLANNED—Liberian financial interests have begun negotiations with Swedish businessmen and architects for the building of a hotel in Monrovia, Liberia, at a cost of about kr.6 million. The hotel will contain 65 per cent Swedish material and will be entirely Swedish in décor. Negotiations are in a preliminary stage and agreement is said to depend on whether Liberia is prepared to act as guarantor for the Swedish export credits that are needed—Stockholm.

IMPROVED EXPORT CREDITS COVERAGE—The Swedish Government has approved the Export Credit Board's request to be allowed to apply a guarantee percentage of between 85-75 per cent (previously 75-60 per cent) depending on the country of destination. This will not apply to non-payments because of the purchaser's insolvency. The above percentages will thus be applied to political and transference risks and to non-payments from official foreign institutions. With regard to guarantees for purchasers' solvency (if the purchaser is not an official foreign institution), the Board will guarantee between 75-65 per cent (previously 70-60 per cent) of the credits—Stockholm.

Thailand

TELEVISION COVERAGE—Thai television hopes eventually to reach ten million people, it is reported in a recent survey, in Bangkok and 31 outlying provinces. The report also indicates that there are 30,000 television receivers in Thailand—Singapore.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.03727714.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent April 13	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01302	76.80	(1)
Austria	Schilling ..	.....	.03708	26.97	
Australia	Pound .....	.....	2.1727	.4602	
Bahamas	Pound .....	.....	2.7159	.3682	
Belgium, Belgian Empire and Luxembourg	Franc .....	.....	.01932	51.76	
Bermuda	Pound .....	.....	2.7159	.3682	
Bolivia	Boliviano ...	Free	.00008438	1,185.11	
British Guiana ...	Dollar .....	.....	.5658	1.77	
British Honduras ..	Dollar .....	.....	.6789	1.47	
Brazil	Cruzeiro ...	General Category*	.003416	292.74	*Mar. 31 (2)
		Special Category*	.002592	385.68	
		Official selling	.05123	19.52	(3)
Burma	Kyat .....	.....	.2025	4.94	
Ceylon	Rupee .....	.....	.2037	4.91	
Chile	Peso	Free	.0009164	1,091.22	(4)
Colombia	Peso	Certificate	.1506	6.64	
Costa Rica	Colon	Official	.1717	5.82	
		Controlled free	.1451	6.89	
Cuba	Peso .....	.....	.9641	1.03724	tax 2%
Czechoslovakia ...	Koruna .....	.....	.1339	7.47	
Denmark	Krone .....	.....	.1401	7.14	
Dominican Republic	Peso .....	.....	.9641	1.03724	
Ecuador	Sucre	Official	.06427	15.56	
		Free	.05631	17.76	
Egyptian Region, United Arab Rep.	Pound	Official	2.7684	.3612	
		Export account selling ...	2.0250	.4938	
El Salvador	Colon .....	.....	.3856	2.59	
Fiji	Pound .....	.....	2.4468	.4087	
Finland	Markka .....	.....	.003013	331.89	
France, Monaco and North Africa	Franc .....	.....	.001966	508.64	(5)
French colonies ...	Franc .....	.....	.003932	254.32	(6)
French Pacific ...	Franc .....	.....	.01081	92.51	(7)
Germany	D Mark .....	.....	.2306	4.33	
Ghana	Pound .....	.....	2.7159	.3682	
Greece	Drachma .....	.....	.03213	31.12	
Guatemala	Quetzal .....	.....	.9641	1.03724	
Haiti	Gourde .....	.....	.1928	5.18	
Honduras	Lempira .....	.....	.4820	2.07	
Hong Kong	Dollar	Free*	.1678	5.96	*Apr. 3
		Official	.1697	5.89	
Iceland	Krona	Official	.05920	16.89	(8)
India	Rupee .....	.....	.2037	4.91	
Indonesia	Rupiah	Effective buying	.03183	31.41	*Mar. 30
		Effective selling	.02547	39.26	(8)
Iran	Rial .....	.....	.01273	78.57	

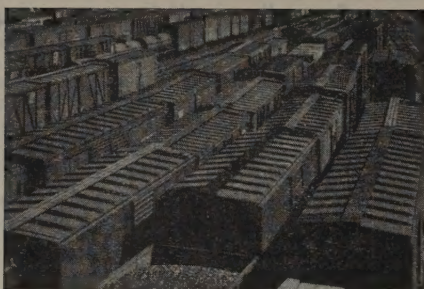
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent April 13	Units per Canadian dollar	Notes (See below)
Iraq	Dinar		2.6994	.3704	
Ireland	Pound		2.7159	.3682	
Israel	Pound		.5356	1.86	
Italy	Lira		.001554	643.50	
Japan	Yen		.002678	373.41	
Lebanon	Pound	Free	.3065	3.26	
Mexico	Peso		.07713	12.96	
Netherlands	Florin		.2556	3.91	
Netherlands Antilles	Florin		.5150	1.94	
New Zealand	Pound		2.7159	.3682	
Nicaragua	Cordoba	Effective buying	.1461	6.84	
		Official selling	.1368	7.31	
Norway	Krone		.1356	7.37	
Pakistan	Rupee		.2037	4.91	
Panama	Balboa		.9641	1.03724	
Paraguay	Guarani	Official	.008034	124.47	
Peru	Sol	Certificate	.03518	28.42	
Philippines	Peso		.4820	2.07	
Portugal & Colonies	Escudo		.03365	29.72	(9)
Singapore and Malaya	Straits dollar		.3169	3.15	
Spain and Dependencies	Peseta	Commercial selling	.02281	43.84	(8)
Sweden	Krona		.1864	5.36	
Switzerland	Franc		.2229	4.48	
Syrian Region, United Arab Rep.	Pound	Free	.2695	3.71	
Thailand	Baht	Free	.04604	21.72	(8)
Turkey	Lira		.1071	9.34	
Union of South Africa	Pound		2.7159	.3682	
United Kingdom	Pound		2.7159	.3682	
United States	Dollar		.9640625	1.03727714	
Uruguay	Peso	Free	.1133	8.83	
		Basic buying	.6369	1.57	(8)
		Principal selling	.4587	2.18	
Venezuela	Bolivar		.2878	3.47	
West Indies Fed.	Dollar		.5658	1.77	(10)
	Pound		2.7159	.3682	(11)
Yugoslavia	Dinar		.003213	311.23	(8)

*Latest available quotation date.

notes

1. Argentina: Effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.



Transportation Notes

Australia

REFRIGERATED SHIPPING SERVICES—The Crusader Shipping Co. Ltd. has started a refrigerated shipping service from Australia to the west coast of North America, mainly to carry Australian meat. The new line was formed by an association of four companies: Shaw Savill and Albion Line, Blue Star Line, Port Line, and the New Zealand Shipping Company.

The line will operate (with chartered vessels) from Adelaide, Melbourne, Sydney and Brisbane to San Francisco, Los Angeles and Vancouver. From there, ships will generally proceed to the United Kingdom via the Panama Canal, and some will call at eastern U.S. ports.

The Crusader Shipping Company also recently established a refrigerated shipping service from the New Zealand ports of Auckland, Wellington, New Plymouth, Lyttelton and Napier to Los Angeles, San Francisco, Seattle and Vancouver, calling at Honolulu en route. Vessels return direct to Auckland. One ship is in use at present but two additional ones are expected to be put on berth before the end of the year. General agents for the Pacific coast are Furness Line of Vancouver—Sydney.

SHIPPING SERVICE TO AFRICA—Establishment of a direct shipping service to West Africa by Royal Inter-ocean Lines is expected to boost Australia's trade with the area, according to the Minister for Trade. Australian trade with the A £ 600 million West African market is small at present but should offer substantial opportunities for selling dairy products, meat, fresh fruit, flour, steel, automotive and earthmoving equipment. Since a regular service was established to South and East Africa, Australia's trade with the area has increased from A £ 7 million to A £ 11 million—Sydney.

Caribbean

CANADA-CARIBBEAN SHIPPING SERVICE—The Royal Netherlands Steamship Co. has announced plans for a new weekly and fortnightly shipping service from Eastern Canadian ports to the Caribbean. It plans to operate in winter from Halifax and Saint John and in summer from Montreal, Three Rivers and Quebec City, as well as Halifax and Saint John.

The weekly service will be scheduled to: Port-au-Prince (Haiti), Ciudad Trujillo (Dominican Republic) and La Guaira, Guanta, Cumana (all in Venezuela). A fortnightly service will operate to: Cap Haitien (Haiti), Pampatar, Carupano (Venezuela), Curaçao (N.W.I.) and Port-of-Spain (Trinidad).

The company will also accept cargo on a through bill of lading bound for Puerto Cortes (Honduras), Puerto Barrios (Guatemala) and Puerto Limon (Costa Rica). Cargo will be transhipped in Ciudad Trujillo into on-carrying vessels owned by the Royal Netherlands Steamship Company. This should assist Canadian exporters in moving their goods to Central American markets. Montreal Shipping Company Limited has been appointed Canadian agent—Port-of-Spain.

Ireland

IRISH AIRLINE ORDERS JETS—Aerlinte (Irish Air Lines) has announced that it has placed orders for three Boeing 720 jet aircraft at a cost of approximately £4.2 million. The first one is scheduled to be delivered late in 1960 and by 1961, all three should be flying the Atlantic.

In the spring of 1961, these new airliners will fly from Dublin-Shannon to Boston and New York. (They will fly into Dublin because this is an attractive selling point for United States traffic.) By the time the aircraft reaches Dublin via Shannon on its eastbound flight, its fuel, and therefore its weight, will be considerably reduced, so that it can land safely on the runway at Dublin. Pilots for the jets will be trained in the United States, presumably at the Boeing Works in the State of Washington—Dublin.

United Kingdom

NEW CRANES AT LIVERPOOL DOCKS—The Garston Docks at Liverpool recently installed new equipment that can handle steel-strapped timber. It includes ten 6-ton modern electric level luffing cranes and four 7½-ton level luffing grabbing cranes. Two more 10-ton cranes and nine 6-ton cranes are being built. Interested Canadian exporters can obtain further details from the Dock Manager's Office, Garston Docks, Liverpool—London.

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